

2018/19



# ANNUAL REPORT

Volume I

# Chapter 1

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## CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD

#### Vision

An ingenious and dynamic municipality that radically improves the economy and lives all the communities.

#### Mission

- To deliver excellent service which is quality driven and within regulated time
- Sustainable socio-economic development
- Capacity building

We strive to reflect in our operations:

- Efficiency
- Effectiveness
- Creativity

#### Values

- Staff Development
- Punctuality
- Open communication
- Quality services
- Continuous improvement

#### b. Key Policy Developments:

Kagisano-Molopo local Municipality has aligned its objectives with the national Strategic objectives and the 12 National Priority outcomes. This is also based on the IDP Strategies included in the IDP.

The municipality has also adopted the **Ten Point Plan** as objectives to be achieved by the municipality in the five years period for (2016-2021). Over and above the Ten Point Plan the following key Policies were developed to achieve or realise our vision:

- HR Plan
- Housing sector plan
- Spatial Development Framework
- Draft Land Use Scheme Management

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## **c. Key Service Delivery Improvements:**

The year under review the municipality received the MIG allocation late in March 2019, however Managed to implement the following projects but not limited to:

- Completion of Vragas Sport Facility
- Fencing of 27 Cemeteries, however the target was not achieved
- Kick start the implementation of Goat massification project

**The following villages benefited from the Infills electrification Projects by Eskom:**

- Ganyesa ward 4 & 5
- Marjaan
- Tlaskgameng (Garrathebe section)

## **d. Public Participation:**

Since the adoption of our draft IDP in March 2018, the municipality held 3 Mayoral IDP& Budget consultations as a way of keeping community abreast with municipal developments and also allowing community inputs.

The municipality is further constantly making a platform for community to participate in the affairs of the municipality, through the Ward Based planning, Ward Public consultations, and lastly the IDP Representative forums.

The municipality again regularly issue out notices and advertisement through the local newspapers and official notices on municipal notice boards using the dominant three (3) official languages i.e. Setswana, English and Afrikaans to inform the public on key documents that are to be considered and approved by Council such as the IDP ,MTREF Budget, SDBIP, Annual Reports and Oversight reports.

## **e. Future Actions:**

Municipality has targeted initiatives that are committed towards improving service delivery in the next financial year. The highlights are as follows:

- R 3 000 000 is budgeted for the construction of Ganyesa Dam Park (ward 4)
- R 13 321 427 for the construction of Huhudi Mawethu-Bore access road (ward 5 & 15)
- R 3 000 000 for the construction of Theunessen – Longaneng Access (ward 10) which is a multi-year project
- Completion of Moreri access road (ward 12)
- The municipality will further spend R 5 00 000 in all wards (2 per ward):
- R 9 500 000 is budgeted for the construction of Piet Plessis Sport Facility

## **f. Conclusion**

In my conclusion I would like to indicate that the municipality for the year under review has experienced number of riots and demonstrations by community members over number of issues that some of them were actually not within our powers and functions, we however successfully managed to engage with our communities.

In presenting this annual report, I sincerely acknowledge the role played by the administration in providing

# Chapter 1

critical information for public reporting. However, greater effort is required for the Municipality to achieve a clean audit. The internal control systems still require significant improvements.

I further extend my sincere appreciation to the traditional leadership and all Councillors for their tireless unwavering support to ensure that this municipality adhere to its plans.



**HON. S.V. MERE**  
**MAYOR**  
**25 AUGUST 2019**

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

Another financial year has come to an end and it is once again time to take stock of the year under review and reflect on our achievements, shortcomings and challenges, and it is therefore against this that as the Accounting Officer of the Kagisano Molopo Local Municipality, I confirm that this 2018/2019 Annual Report has been compiled in line with the Local Government guidelines and legislations:

- Municipal Systems Act 32 of 2000,
- Municipal Finance Management Act 56 of 2003,
- The National Treasury Circular No. 11, as well as
- The customized template and guidelines for municipal annual reports provided by the national Treasury

The key priority areas of the institution during the year under review find their expression in the Municipality's Integrated Development Plan, Budget, Service Delivery and Budget Implementation Plan. It is to this end that the annual review of our IDP speaks more to the Council priorities based on the mandate given by the community through the Community based planning (CBP) which is a planning tool which seeks to strengthen the community involvement in the municipal planning.

Although this Annual Report reflects considerable progress in the roll-out of services to our communities, we are acutely aware of the gaps and shortcomings that remains, and we are prioritizing initiatives and Programmes to address these and most importantly the Local Economic Development and Basic services.

In this regard, the Municipality will put in place strict measures for the implementation of the Recovery Plan to stabilize the institution in order to address service delivery and development challenges: -

- Strengthen intergovernmental relations for better integrated planning.
- Promotion of sound labor relations.
- Strengthening internal controls and anti-fraud and anti-corruption initiatives.
- Strive to achieve an unqualified audit opinion and addressing matters of emphasis as reflected in the Auditor-General's report.



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- Addressing institutional communication and reputational risks.
- Continue with the initiatives to entrench the culture of performance within the institution.
- Promoting financial discipline and management.
- Addressing institutional communication and reputational risks.
- Continue with the initiatives to entrench the culture of performance within the institution.
- Promoting financial discipline and management.

The municipality has aligned its performance to the five local government key performance areas for the current term. This includes:

- Institutional Capacity and Municipal Transformation;
- Basic Service Delivery and Infrastructure Development;
- Local Economic Development;
- Financial Management and financial Viability and lastly
- Good Governance and Public Participation

The municipality's financial sustainability can be described as stable and in good standing despite lack of revenue collection. Our reliance on equitable share and conditional grants to sustain our development programmes does affect how we do our service planning and service delivery projections.

The municipality has a shared service agreement with the district municipality regarding Internal Audit Services, Risk management and Town planning matters.

I would like to extend my warmest appreciation to the political leadership for support given to the administration as well as the efforts, commitment and hard work of the staff in the face of constraints and

Challenges, to serving the communities of Kagisano-Molopo Local Municipality, without which the service delivery progress reported in this Annual Report would not have been possible



**Olafse Bojosinyane (Mr.)**  
**Municipal Manager**  
**25 August 2019**

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## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### INTRODUCTION TO BACKGROUND DATA

Kagisano-Molopo Local Municipality is classified as a category B Municipality as confirmed by the Demarcation Board in terms of the municipal Structures Act, 1998.

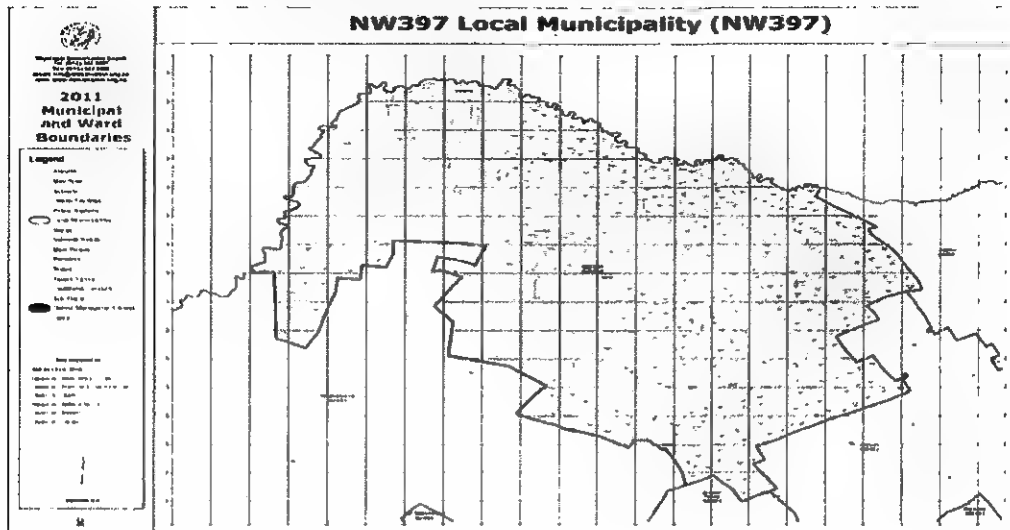
Kagisano-Molopo "NW 397" is the second largest local municipality within Dr. Ruth Segomotsi Mompati District Municipality as per the new demarcation boundaries. The administrative centre of the municipality is in Ganyesa.

The municipality is constituted by 15 wards with 29 Councillors serving 72 Villages

# Chapter 1

## COMMENT ON POPULATION DETAILS

### NW397 Local Municipality (NW397)



### Geographic Profile

Kagisano-Molopo Local Municipality (NW 397), location coordinates of 26°S 24°E, is approximately (23 942; 27 278) 23 827 km<sup>2</sup> in extent in the north-western corner of the North West Province.

It borders on the Kgalagadi District of the Republic of Botswana to the north, Joe Morolong Local Municipality in the Northern Cape province to the south-west , Naledi Local Municipality to the south-east, and Ratlou Local Municipality to the east

### Demographic Profile

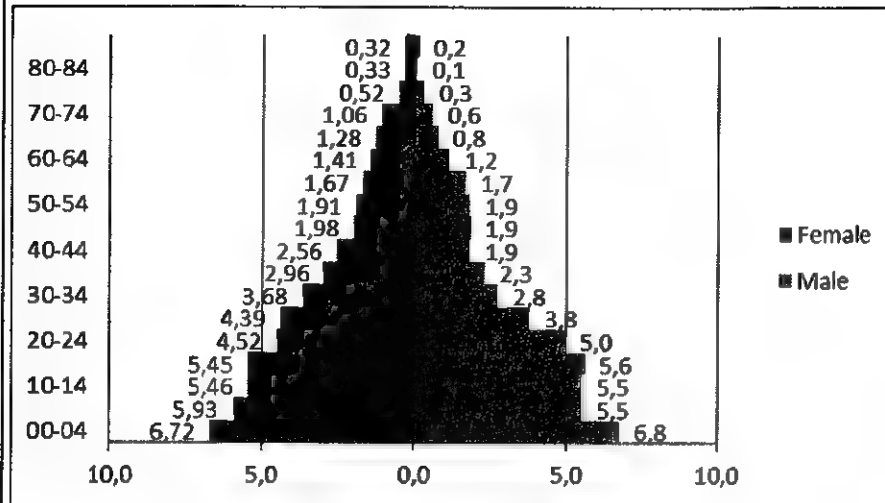
As per the Community Survey 2016, the total population of Kagisano-Molopo Local Municipality is 102 703. The total number of 28 274 Households, the number has slightly decreased, this makes Kagisano-Molopo Local Municipality the second largest municipality in Dr Ruth Segomotsi District Municipality

## COMMENT ON THE HOUSEHOLDS

There has been a slight decrease in the number of female headed households. There has also been a positive increase in the number of formal dwellings and housing that is either owned or being paid off. Formal houses or brick and concrete block structures on separate stands. Informal settlements constitute 1944 of the entire 28531 households. These are shack structures which are in backyards and standalones on either squatter areas or farms

# Chapter 1

**Kagisano-Molopo local municipality Population Pyramid**



The image above is a population pyramid of Kagisano-Molopo Local Municipality. It shows the population distribution by age and sex. The population of youth and children is high. The female population is higher than those of males in all age categories. This shows that the Population is more youthful

The high proportion in children and youth age groups would mean the municipality would have to focus its limited resources in addressing day to day challenges faced by these age group in terms of education, employment and basic services

Black	79 769
Colored	911
Indian & Asian	284
Whites	3 739
<b>Total</b>	<b>102 703</b>

# Chapter 1

## Household Dynamics

The Municipality has seen a slight decreased of population and households statistics compared to Census 2011.

	Census 2011		Community Survey 2016	
Local Municipality	Persons	Households	Persons	Households
Kagisano-Molopo LM	105 789	28 531	102 703	28 274

## SOCIO ECONOMIC STATUS

Census 2001				Census 2011			
Employment	Unemployed	Not Economically Active	Unemployment Rate	Employed	Unemployment	Not Economically Active	Unemployment Rate
12 436	7 972	35 107	39%	14 792	6 405	38 547	30%

# Chapter 1

## 1.3. SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

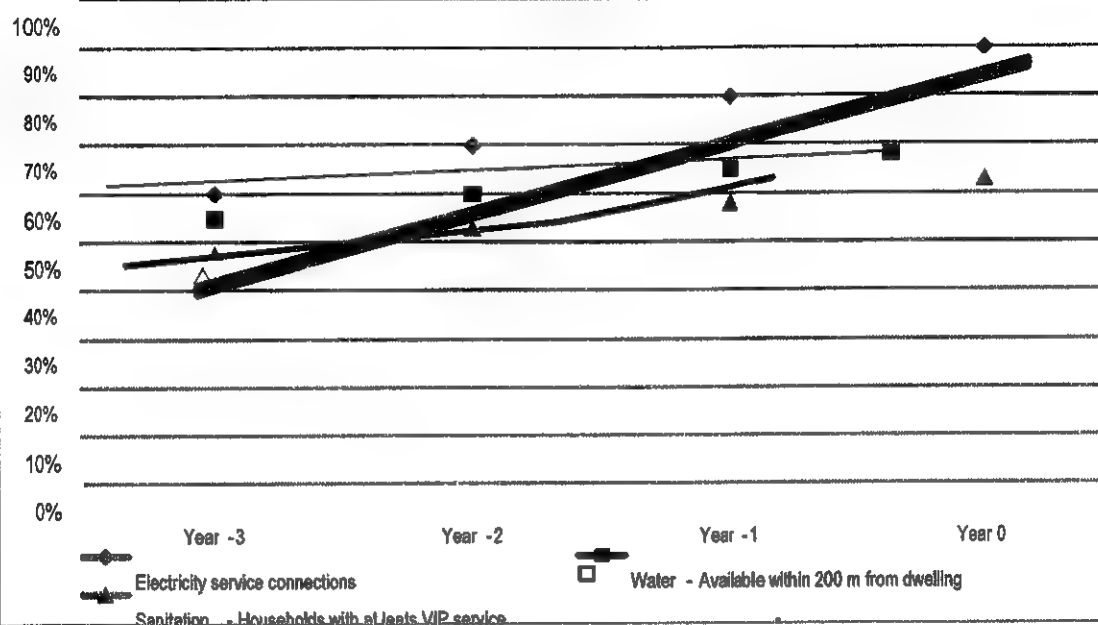
Census 2011 have shown a markedly improvement in the provision of services such as electricity where 86% of the households have access to electricity for lighting comparatively to 64,1 % in 2001. The municipality is providing free basic electricity for the community members registered in the municipal indigent register.

89% of the municipal households have access to VIP toilets.

The provision of basic housing is still a challenge as we have seen a great number of unemployment

# Chapter 1

## Proportion of households with access to Basic Services



### 1.4. FINANCIAL HEALTH OVERVIEW

#### FINANCIAL OVERVIEW

Please refer to the 2018/2019 audited Annual Financial Statement attached in Chapter 5

#### FINANCIAL OVERVIEW

Please refer to the 2018/2019 audited Annual Financial Statement attached in Chapter 5

#### OPERATING RATION

Please refer to the 2018/2019 audited Annual Financial Statement attached in Chapter 5

# Chapter 1

## **COMMENT ON OPERATING RATIOS:**

Please refer to audited 2018/2019 audited Annual Financial Statements attached in Chapter 5

## **TOTAL EXPENDITURE: YEAR +2 TO YEAR 0**

Please refer to the 2018/2019 audited Annual Financial Statement attached in Chapter 5

## **TOTAL EXPENDITURE**

Please refer to the 2018/2019 audited Annual Financial Statement attached in Chapter 5

## **COMMENT ON CAPITAL EXPENDITURE:**

Please refer to the 2018/2019 Annual Financial Statement to be attached in Chapter 5



# Chapter 1

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

Kagisano-Molopo local municipality is experiencing problems with the participation of key intergovernmental role players. In these instances, sector department's participation in the IDP process has not been to the required level as expected. Sector department are not playing key role of integrating their sector plans when the IDP is drafted to ensure that there is synergy created between the municipality and the sector plans. This problem has persisted throughout the financial year and still creates problems when we have to develop a credible IDP.

#### **Effectiveness in Municipal Transformation**

The municipality has created path towards transformation, demonstrated by focused attention of reviewing the organogram in line with IDP priorities.

#### **Performance management**

The performance Management System has been implemented and sustained to ensure councillors and officials are able to monitor, review and report on performance.

The following KEY PMS elements were implemented

- The SDBIP was completed and aligned to the IDP and Budget. It was approved by the Mayor.
- Performance agreements were signed by the Municipal Manager and Section 56 Managers.
- PMS Framework adopted by Council

## 1.6. AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

Please refer to Auditor General's Report in page 209.

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## 1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft 2014/2015 year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	January
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	

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## COMMENT ON THE ANNUAL REPORT PROCESS:

The Annual Report processes provides a framework for the municipality to follow in completing various reports within each financial year cycle. It is important that Municipal Manager ensures that reports are submitted timeously. If the processes flow is followed, the municipality should be able to provide an unaudited Annual Report in August of each year, which is consistent with the MFMA.

One of the advantage of compiling an unaudited Annual Report in August is that it can be used to influence the strategic objectives indicated in the IDP for the next financial year as well as the budgetary requirements related to each vote.

An Unaudited Annual Report submitted in August will further provide the municipality with an opportunity to review the function areas that receive attention during the current financial year and take the necessary corrective actions to align the IDP and budget to other priority areas needing attention. The Annual report of the municipality must be tabled in the municipal council on or before 31<sup>st</sup> January each year (MFMA S127). In order to enhance oversight function of the Council, this must be interpreted as an outer deadline; hence the municipality must submit the Annual Report as soon as possible after year end, namely August. The entire processes are concluded in the first or second week of December for all municipalities, the same year in which the financial ends and not a year later, as is currently the case.

The Annual Report must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, Budget, SDBIP, in-year reports, annual performance and Annual report should have similar and consistent information to facilitate understanding and to enable the linkages between plans and actual performance.

The above can only occur if the municipality set appropriate key performance indicators and performance targets with regards to the development of priorities and objectives in its IDP and outcomes (MSA S41). This requires an approved budget together with a resolution of approving measurable performance objectives for revenue from each source and each vote in the budget (MFMA, S24)

# Chapter 2

## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Council or political wing of the municipality ensures that there is regular communication with community through Ward Committee meetings, Ward meetings, Izimbizo, Community Based Planning meetings, IDP and Budget processes or consultations. These processes ensure that the community is engaged and or involved in making inputs for which they aspire.

Community therefore participates in identifying their needs and make inputs on the performance of the municipality. Through these processes the municipality ensures that there exists a healthy relationship between the municipality as an institution and the community which effort minimizes conflicts from the side of the community to the municipality.

Administrative governance ensures that the political aspirations are upheld at all times by giving feedback regularly to the community. It is incumbent upon administration to ensure compliance is done at all times as per the legislations. Most importantly Administration regularly give advice to political wing.

#### 2.1 POLITICAL GOVERNANCE

##### INTRODUCTION TO POLITICAL GOVERNANCE

Kagisano Molopo Local Municipal Council consists of twenty-nine (29) Councillors, fifteen (15) are elected Ward Councillors and the other fourth-teen (14) are Proportional Representative (PR) Councillors from different political parties. There are four (4) Executive Committee (EXCO) members led by the Mayor.

Political parties represented in Kagisano Molopo Local Municipality are ANC, DA, UCDP, F4SD and EFF. Council held 19 meetings whiles Executive Committee held 7 meetings.

Kagisano Molopo Local Municipal council further consists of one (1) Tribal Council representative (Dikgosi). The said Traditional leader' representative participate in the proceedings of the council and is compensated for sitting. He is also subject to the appropriate Code of Conduct set out in Schedule 1 of Local Government Municipal Systems Act, 2 000.

The municipality has a functional Municipal Public Accounts Committee (MPAC) which held its meetings regularly and attended District and Provincial Forums. They have held five (5) meetings.

The municipality utilizes the District's Audit committee. This committee liaises with the municipality in terms of when and how auditing is conducted. This arrangement is always done before hand to enable the municipality to respond positively to their needs and or requirements whereupon they are able to express their opinions and recommendations on both financial and general performance of the municipality.

# Chapter 2

## MEMBERS OF THE EXECUTIVE COMMITTEE



*Cllr. S. V. Mere  
Mayor*



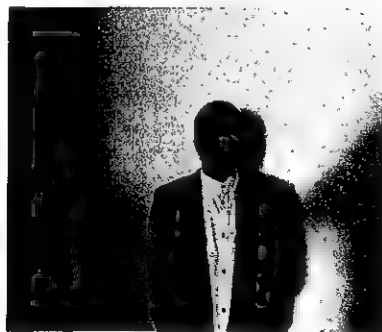
*Cllr. K. G. Nthobotsenyane  
MMC: Community Services,  
LED & Tourism*



*Cllr. K. J. Botha  
MMC: Basic Services*





*Cllr. L. E. Gaobepe-Boemo  
MMC: Planning & Development*



*Cllr. T. Lenkopane  
MMC: Corporate Services, Budget & Treasury*

# Chapter 2

POLITICAL STRUCTURE	FUNCTIONS
<p><b>MAYOR</b></p>  <p>Cllr S. V Mere</p>	<ul style="list-style-type: none"> <li>• Provides political guidance and over the fiscal and financial affairs of the municipality</li> <li>• Oversees the preparation of the annual Budget</li> <li>• Submits quarterly reports to Council on the implementation of the Budget and the financial status of the municipality</li> <li>• Coordinates the annual review of the IDP</li> <li>• Ensures that the Executive Committee performs its functions properly</li> <li>• Convenes public hearings and meetings</li> <li>• Identifies the needs of the community in terms of the IDP processes</li> <li>• Reviews those needs in order of priority</li> <li>• Recommends to the municipal council strategies, programmes and services to address priority needs through the IDP, estimates revenues and expenditures, considering any applicable National and Provincial Plans</li> <li>• Recommends and determines the best way, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community.</li> </ul>
<p><b>SPEAKER</b></p>  <p>Cllr S R Modise</p>	<ul style="list-style-type: none"> <li>• Presides over the council meetings and maintains order during council meetings.</li> <li>• Ensures that the council meets at least quarterly</li> <li>• Ensures that the rules of order are complied with during the council meetings.</li> <li>• Executes any other duty as delegated to the Speaker in terms of the Council delegation systems</li> <li>• Ensures that Councillors adhere to the Code of Conduct</li> <li>• Supports Councillors</li> <li>• Facilitates public participation</li> <li>• Coordinates the establishment and functionality of Ward Committees</li> </ul>
<p><b>EXECUTIVE COMMITTEE MEMBERS</b> Cllr K.G Nthebotsenyane Cllr T. Lenkopane Cllr K.J Botha Cllr L. Gaobepe-Boemo</p>	<ul style="list-style-type: none"> <li>• Assists and advices the Mayor</li> <li>• Presides over Portfolio Committee meetings</li> <li>• Maintains order during Portfolio Committee meetings</li> <li>• Performs any Mayoral powers as delegated by the Mayor</li> <li>• Performs any specific responsibility delegated by the Mayor</li> <li>• Play oversight role to their respective departments</li> </ul>

# Chapter 2

## COUNCILORS

Kagisano Molopo Local Municipal Council consists of twenty-nine (29) Councillors, fifteen (15) are elected Ward Councillors and fourteen (14) are Proportional Representative (PR) Councillors from different political parties. There are four (4) Executive Committee (EXCO) members led by the Mayor

Political parties represented in Kagisano Molopo Local Municipality are ANC, DA, UCDP, F4SD and EFF. Council held nineteen (19) meetings whiles Executive Committee held seven (7) meetings.

Kagisano Molopo Local Municipal council further consists of one (1) Tribal Council representative (Dikgosi). The said Traditional leader representative participate in the proceedings of the council and is compensated for his sitting. He is also subject to the appropriate Code of Conduct set out in Schedule 1 of Local Government Municipal Systems Act, 2 000.

## P R COUNCILLORS

Cllr R.S Modise  
Cllr J.K Botha  
Cllr T.Z Baakanyang  
Cllr. B.R Bareng  
Cllr G.K Nthebotsenyane  
Cllr B. Genda  
Cllr L.E Gaobepe-Boemo  
Cllr M.M Diphikwe  
Cllr M. Grobber  
Cllr N J D Muller  
Cllr N.K Sekopetswe  
Cllr O.M Serame  
Cllr T.M Lenkopane

## WARD COUNCILLORS

Cllr B.B Makwati  
Cllr T.J Thetswe  
Cllr T.C Loabile  
Cllr P.P Moeng  
Cllr M.M Seeletso  
Cllr G.F Selebogo  
Cllr S.V Mere  
Cllr K.I Gabe  
Cllr M.J Moreke  
Cllr S.O Lekgari  
Cllr T.M Lenner  
Cllr K.S Moreki  
Cllr T.M Olaotswe  
Cllr K.G Ogaseng  
Cllr T.E Matsietso

# Chapter 2

## POLITICAL DECISION-TAKING

Kagisano Molopo Local Municipal Council has Executive Committee with powers delegated to it and handles matters from Portfolio Committees which in turn recommends to Council for consideration. Such issues are subsequently finalized by Council upon recommendation by Executive Committee

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

In terms of Part 7 Section 82 of the Municipal Structures Act 117 of 1998 as amended, the Municipality must appoint the Municipal Manager who is the head of administration and therefore the Accounting Officer. In terms of section 55 of the Municipal Systems Act, 32 of 2000 as amended the Municipal Manager as head of administration is subject to policy directives of the municipal council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with all legislation and policies pertaining to Local Government

In terms of section 50 of the Municipal Systems Act 32 of 2000 as amended, the Council in consultation with the Municipal Manager must appoint managers who are directly responsible to the Municipal Manager who must have relevant and requisite skills and expertise to perform the duties associated with the posts they each occupy.

The Municipal Manager is also accountable for all the income and expenditure and all assets as well as the discharge of liabilities of the municipality including proper and diligent compliance with the Municipal Finance Management Act, 53 of 2003. Each senior manager or director who reports directly to the Municipal Manager have delegated functions which Municipal Manager have delegate to them and are responsible for all those matters delegated to them including financial management as well as discipline and capacitating of officials within their areas of responsibility and compliance to all legislation governing Local Government, it's policies and by-laws.

The Municipal Manager and Directors forms the senior management, and all directors are accountable to the Municipal Manager in terms of strategic management and oversight of their departments. All budget expenditures in each directorate are managed by the Director in order to ensure that service delivery matters are handled speedily.



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TOP ADMINISTRATIVE STRUCTURE	
DESIGNATION	FUNCTIONS
<b>MUNICIPAL MANAGER</b>    <b>Mr. O Bojosinyane</b>	<ul style="list-style-type: none"> <li>• Establishing and developing an economic, efficient, effective and accountable administration,</li> <li>• Implementing and managing the local municipality's performance management system'</li> <li>• Coordinating and implementing the municipality's IDP</li> <li>• Managing the Municipality's Administration in accordance with the Constitution, the Local government Structures Act, the Municipal Systems Act, and all other National and Provincial legislations applicable to the local Municipality</li> <li>• Managing the provision of services to the community in a sustainable manner</li> <li>• Developing and maintaining a system to access community satisfaction with municipal services</li> <li>• Appointing, managing and effectively utilising and training staff and discipline</li> <li>• Promoting sound labour relations and compliance with applicable labour legislations</li> <li>• Advising political structures and political office bearers of the municipality, managing communication between them, administering, implementing council resolutions and carrying out council decisions</li> <li>• Being responsible for all income and expenditure of the municipality, all assets, the discharge of all liabilities of the municipality with proper and diligent compliance with Municipal Finance management legislation</li> <li>• Implementing strategic goals of the municipality through cooperation and innovative teamwork</li> </ul>
<b>DIRECTOR: CORPORATE SERVICE</b>    <b>Mr. O Ntsimane</b>	<ul style="list-style-type: none"> <li>• Managing and controlling various line functions within the Directorate which include general administration, Human resources, Council Support, Corporate strategy, Information Technology and Communications and security Services.</li> <li>• Leading, directing and managing staff within the Department so that they are to meet their objectives</li> <li>• Staff control and discipline</li> <li>• Rendering support by advising and overseeing all matters of procedure relating to minutes and resolutions of the Council Committees</li> <li>• Planning, organising, coordinating and controlling the</li> </ul>

# Chapter 2

	<p>activities of management and administration section</p> <ul style="list-style-type: none"> <li>• Providing administration support to political Office Bearers</li> <li>• Managing and controlling the compilation and execution of the departmental capital and operating budget</li> <li>• Executing any function delegated by the Municipal Manager in terms of powers and delegations in the relevant legislation and related to this post Developing, implementing Collective Agreements and managing strategic goals, policies, procedures and plans</li> <li>• Administering records/archives registry, skills development, legal matters and Employment Equity</li> <li>• Ensuring proper administration of Council delegation System</li> <li>• Providing secretarial services to council and its Committees</li> </ul>
<p><b>ACTING CHIEF FINANCIAL OFFICER</b></p> <p><b>Mr. R Ferries</b></p>	<ul style="list-style-type: none"> <li>• Reporting directly to the municipal Manager on key departmental activities</li> <li>• Overall management of the Budget and Treasury office</li> <li>• Implement the Integrated Development plan (IDP) as well as the strategic goals of the budget &amp; Treasury office/Directorate</li> <li>• Implement Service delivery and Budget Implementation Plan (SDBIP)</li> <li>• Develop and develop key strategic/business plans including supply Chain Management, Revenue Management, Expenditure management and Budget reporting</li> <li>• Prepare and implement municipal budget</li> <li>• Prepare Annual Financial statements and other mandatory financial management reports</li> <li>• Manage Departmental budget, human resource and other resources in accordance with local government legislations</li> <li>• Establish, operate and maintain support structures, processes and systems</li> <li>• Direct and control key deliverables and outcomes for the department, liaise with internal and external stakeholders</li> <li>• Facilitate stakeholder participation and involvement</li> <li>• Ensure legislative, regulatory, policy, practices and operating standards compliance</li> <li>• management and monitoring of all income, expenditure, assets and liabilities, Cash-flow management</li> <li>• Ensure implementation of GRAP standards</li> <li>• Ensure the development of appropriate Strategies, Policies and plans for all Areas in the department linked to the IDP and that will also have a measurable positive impact on the financial performance</li> <li>• Develop and implement Supply Chain management Policy, specific procedures, systems and controls</li> <li>• Ensure timely preparation of Budget and Financial Statements</li> </ul>

# Chapter 2

	<ul style="list-style-type: none"> <li>• Implement all Budget Policies and ensure they comply with applicable legislation and National Treasury Regulations</li> </ul>
<p><b>DIRECTOR: COMMUNITY SERVICE, LED AND TOURISM</b></p>  <p>Ms B Madumo</p>	<ul style="list-style-type: none"> <li>• To provide strategic management and leadership to the Department</li> <li>• Ensure co-ordination, integration and uninterrupted provision of Community services</li> <li>• Integrate service delivery in the context of Council's IDP and oversee implementation</li> <li>• Participate in the IDP, SDBIP and budget processes of the municipality</li> <li>• Manage the Directorate budget planning, implementation and Budget review to support priorities and the deliverables</li> <li>• Promotion of Local Economic Development projects</li> <li>• Manage Departmental personnel</li> <li>• Develop and manage LED and tourism strategies in line DGDS, PGDS, NSGD, ASSGISA and JIPSA.</li> <li>• Prepare and submit reports on department's Service Delivery and Budget Implementation Plan (SDBIP) Implement adequate community participation strategies</li> <li>• Source funding for economic development projects through donors and investors</li> <li>• Facilitate partnership between investors, donors and business community in the area</li> </ul>
<p><b>DIRECTOR: PLANNING &amp; DEVELOPMENT</b></p> <p>Vacant</p>	<ul style="list-style-type: none"> <li>• Overseeing the execution of the IDP Programmes attached to the Department and monitoring individual performance management</li> <li>• Prepare and submit reports on department's Service Delivery and Budget Implementation Plan (SDBIP) Implement adequate community participation strategies</li> <li>• Integrate service delivery in the context of Council's IDP and oversee implementation</li> <li>• Responsible for monitoring the day to day activities in the offices of the Mayor, Speaker and the Municipal Manager</li> <li>• Liaise with the Departments in the organization and monitoring of programmes related to service delivery</li> <li>• Oversee the department, implementation and development of the Communication strategy for the municipality</li> <li>• Ensure consistent communication between the office of the Mayor, internal and external stakeholders regarding programmes pursued by the municipality</li> <li>• Develop, implement and review policies with regard to special programmes such as youth development, older persons, disability rights, children's rights, women empowerment and</li> </ul>

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	<p>gender equality, HIV and AIDS, STI, and TB Programmes, sports development and moral regeneration</p> <ul style="list-style-type: none"> <li>• Ensure advocacy for and monitoring of the mainstreaming of the designated programmes developmental targets into municipal sectorial plans as well as performance contracts of Section 56 Managers</li> <li>• Prepare and re on the SDBIP and manage personnel in the offices of the Mayor and speaker</li> </ul>
<p><b>DIRECTOR: BASIC SERVICE AND INFRASTRUCTURE</b></p> <p><b>Vacant</b></p>	<ul style="list-style-type: none"> <li>• Prepare and manage the Budget of the Directorate</li> <li>• Manage and direct staff of the Directorate</li> <li>• Technical support and evaluation of municipal capital projects in alignment with the Municipal IDP, District, Provincial and National Growth and Development Strategies</li> <li>• Project – manage the Labour-intensive projects Extended Public Work Programme (EPWP) framework and related reporting requirement</li> <li>• Ensure compliance of all legal aspects and conditions required from the different spheres of government</li> <li>• Conduct site visits/meetings to ensure compliance to business plan conditions</li> <li>• Manage committed projects expenditure</li> <li>• Verify payments certificates and preparation of monthly payments schedules documentation</li> <li>• Maintain projects performance data on national database</li> <li>• Manage other related municipal infrastructure grant (MIG) programmes</li> <li>• Manage preparation of document and progress reports for Council Meetings</li> <li>• Prepare and implement infrastructure maintenance plan</li> </ul>

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Constitution of the Republic of South Africa Act 106 of 1996 provides for the system of cooperative government and inter-governmental relations (IGR) in section 40. The provision emphasizes the distinctive, interdependence and interrelatedness of the three spheres of government. This provision is further augmented by the provision section 3 of the Municipal System Act, No 32 of 2000. In line with these provisions the municipality has established a Local IGR Forum comprised of representatives of the sub-district offices of the sector departments and the representative of the Office of the Speaker

# Chapter 2

## 2.3 INTERGOVERNMENTAL RELATIONS

### NATIONAL INTERGOVERNMENTAL STRUCTURES

Kagisano Molopo local municipality is actively participating in different Forums coordinated by National Department on different matters of mutual interest affecting all spheres of Government

### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Municipal Manager and the Mayor are actively participating in the North West Premiers Coordinating Council, which is chaired by the Premier. The District IGR is also attended by the both the Mayor and the Municipal Manager.

The value of participating in these fora, among other things, is discussion on how municipalities will be able to achieve clean audit. How municipalities could address all challenges facing them with support from Provincial and National Departments.

### DISTRICT INTERGOVERNMENTAL STRUCTURES

Kagisano-Molopo Local Municipality participate in different District Forums e.g. Technical Forum, Municipal Manager's forum, Communication Forum, and LED Forum to discuss issues of mutual interest

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Kagisano-Molopo Local Municipality is established as a category B municipality with executive system (Ward participatory system). This implies the need for establishment of Ward Committees for all the Wards in the municipality.

All fifteen Wards in Kagisano-Molopo Local Municipality has established Ward Committees and they are all functional. Ward Councillors hold monthly meeting with ward committees to discuss matters that affected their different constituencies and planning of activities in their respective wards.

The municipality has further established the Ward Committee Forum.

Community meetings are held at least bi-monthly to report back to communities and to receive mandate on issues affecting them.

# Chapter 2

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

There are number of forums that have been established by the municipality. These forums are used as platforms for consultation, planning and reporting council plans.

Mayoral IDP/Budget Consultative meetings are held to engage communities and organisations during the development and review of the IDP and budget. Meetings are held throughout the different wards in the Municipality where communities are mobilised using loudhailers and notices.

The Municipality further consult with the community through Community Based Planning for the development of ward plans.

# Chapter 2

## WARD COMMITTEES

Ward Committees are established in accordance with the provision of the Municipal Structures Act and are guided by the Handbook for Ward Committees produced by the National Department – Corporate Governance and Traditional Affairs (CoGTA).

Section 73 of the Municipal Structures Act provides guidelines on the establishment of Ward Committees and Section 74 provides for the powers and functions of the Ward Committees. The key role of the Ward Committee is to recommend to the municipal council through the Ward Councillor on matters that affect the Ward community. It is a mechanism used to ensure that issues emanating from the community are channelled through the political; and/or administrative authority of the municipality so they can be responded to accordingly.

Fifteen Ward Committees established are functional and have been meeting regularly. Issues that have been dealt with by the ward committees were mainly services delivery issues i.e. Housing, sanitation, Roads, developmental projects and feedback on issues raised with council.

### Structure of Ward Committee:

A Ward Committee is chaired by ward Councillors as elected during the Local Government Elections with a maximum of 10 members elected by the community. Members of ward Committee receive sitting allowances.

### Roles and Responsibilities of the Local Municipality:

Kaglsano Molopo Local Municipality provides support and monitoring of ward committees through the utilization of the Manager in the office of the Speaker and the two appointed Community Liason Officers.

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Mayoral IDP and Budget consultations	21-23 May 2019	15	All Senior Managers, Mangers	+500	Yes, Budget for next Years, Summary of Operational revenue per Type	21-23 May 2019 Mayoral IDP and Budget consultations

# Chapter 2

## COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Public meeting serves a number of benefits for a municipality. Key to these benefits is informing the public and receiving mandate from the public on municipal plans. These meetings also enable both the political and administrative office bearers to have a better understanding of public opinions and views. The better understanding of this opinions and views enables the leadership of the municipality to develop plans and programmes that are responsive to community's real needs.

Community members are allowed adequate time during public meetings to make inputs on issues brought to the table. In the face of the challenges experienced by the municipality more efforts must be made to ensure that public inputs are received and responded to accordingly.



# Chapter 2

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

# Chapter 2

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

Cooperative governance is governed by King ii & iii Code of Practice applicable to Local Government Sphere.

### 2.6 RISK MANAGEMENT

#### RISK MANAGEMENT

To ensure that municipality complies with the requisite standards of corporate governance, the MFMA states that the accounting officer of a municipality has to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal controls, the Municipal Council has adopted the Risk Management manual and Risk register to deal with risk issues in the municipality. Risks are assessed based on two parameters, viz. the likelihood of the Risk occurring, and the impact could have on operations.

Kagisano-Molopo Local Municipality through a shared service with Dr. Ruth Segomotsi Mompati District Municipality is utilizing the internal audit and Risk management units to curb risk management in Municipality.

### 2.7 ANTI-CORRUPTION AND FRAUD

#### FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality has adopted the fraud & anti-corruption manual that is in line with the National Anti-Corruption Strategy.

Kagisano- Molopo Local Municipality also has reasonable internal control mechanisms in place to deal with corruption issues.

# Chapter 2

## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

The supply chain management aims at supporting the strategic decision of the Municipality thereby ensuring effective and efficient service delivery to its internal and external clients, also to ensure that purchasing and procurement of goods and services are done according to prescribed legislations, and KMLM supply chain management policy. The municipality has established the following committees: Bid specification, Bid Evaluation and the Adjudication committees.

## 2.9 BY-LAWS

### COMMENT ON BY-LAWS:

The Municipality has developed the By-Law on the land use management and subsequently the municipality customised to suit the municipal environment. The by-law will be adopted once the municipality has conducted the public participation.

## 2.10 WEBSITES

### Municipal Website: Content and Currency of Material

Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	No	N/A
All current budget-related policies	No	N/A
The previous annual report (Year -1)	No	N/A
The annual report (Year 0) published/to be published	No	N/A
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	No	N/A
All service delivery agreements (Year 0)	No	N/A
All long-term borrowing contracts (Year 0)	No	N/A
All supply chain management contracts above a prescribed value (give value) for Year 0	No	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	N/A
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/A
Public-private partnership agreements referred to in section 120 made in Year 0	No	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	No	N/A

# Chapter 3

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### INTRODUCTION

Our expenditure on the capital budget to date is at 76%, the following projects were implemented in terms of the IDP and the Service Delivery and budget Implementation Plan though some not completed

Vragas Sport Facility ward 8

Tseoge access road ward 12 (not completed)

Huhudi Mawethu-Bore access road ward 5 & 15 (Not completed)

Ganyesa Dam Park ward 4(not completed)

# Chapter 3

## COMPONENT A: BASIC SERVICES

This component includes water, sanitation, electricity and housing services and a summary of free basic services.

### INTRODUCTION TO BASIC SERVICES

The main objective of basic services is to improve the lives of community members and provide access to services such as Water, Sanitation, Electricity and Housing.

The municipality constantly engage the District municipality as the powers and function of water, sanitation lies with them, as well as the Department of local government and human settlement and Eskom for electricity and department of local government and human settlement respectively.

However, these basic services are being provided even though not to a required standard especially in terms of water.

The municipality has engaged the district municipality for the service level agreements.

# Chapter 3

## 3.1. WATER PROVISION

### INTRODUCTION TO WATER PROVISION

Water services Provision is the responsibility or function of the District Municipality as the Water Service Authority; Kagisano-Molopo Local Municipality is only responsible for the oversight or monitoring of water projects within the Municipal area. Below is a table depicting monitoring of projects by the municipality

Water Service Policy Objectives Taken From IDP											
Service Objectives		Outline Service Targets		Year -1		Year 0		Year 2		Year 3	
Service Indicators		Target		Actual		Target		Actual Year 0		Target	
		*Previous Year (iii)	(iv)	*Previous Year (v)	(vi)			*Current Year (vii)	(ix)	*Following Year (x)	
Service Objective: Monitoring and Evaluation to improve service delivery											
Monitoring and Evaluation to improve service delivery		4 Rural Water Supply Programme Meetings Attended by 30 June 2019	Achieved 4 Rural water supply programme meeting attended	4 Rural water supply programme meeting attended by June 2018	4 Rural water supply programme meeting attended by June 2018	4 Rural Water Supply Programme Meetings Attended by 30 June 2019	Not Achieved 2 Rural Water Supply Programme Meetings attended.	None	None	None	
Number of Rural Water Supply Programme Meetings Attended											

# Chapter 3

Employees: Water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2-4	0	0	0	0	0%
5-6	0	0	0	0	0%
7-9	0	0	0	0	0%
10	1	1	1	0	0%
11-12	0	1	0	1	1%
16	0	0	0	0	0%
21	0	0	0	0	0%
Total	1	2	1	1	1%

# Chapter 3

## 3.2 WASTE WATER (SANITATION) PROVISION

### INTRODUCTION TO SANITATION PROVISION

Sanitation services provision is the responsibility or Function of the District Municipality; Kagisano-Molopo Local Municipality is only responsible for the oversight or monitoring of sanitation projects within the Municipal area.

Sanitation Service Policy Objectives Taken From IDP									
Service Objectives		Outline Service Targets	Year -1		Year 0		Year 2	Year 3	
			Target	Actual	Target		Actual Year 0	Current Year	Current Year
Service Indicators			*Previous Year		*Previous Year	*Current Year		*Current Year	*Following Year
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
Service Objective: Monitoring and Evaluation to improve service delivery									
Monitoring and Evaluation to improve service delivery		3 Housing Sanitation Program Meetings Attended by 30 June 2019	4 Sanitation project management projects Meetings by June 2018	Achieved 4 Sanitation project management projects Meetings attended	4 Sanitation project management projects Meetings by June 2018	3 Housing Sanitation Program Meetings Attended by 30 June 2019	Not Achieved 1 Housing Sanitation Program Meetings Attended	None	None
		Number of Rural Housing Sanitation Program Meetings attended							



# Chapter 3

Employees: Sanitation Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2-4	0	0	0	0	0%
5-6	0	0	0	0	0%
7-9	0	0	0	0	0%
10	1	1	1	0	0%
Total	1	1	1	0	0%

# Chapter 3

## 3.3 ELECTRICITY

### INTRODUCTION TO ELECTRICITY

Electricity services provision is the responsibility or Function of Eskom; Kagisano-Molopo Local Municipality is only responsible for the identification and monitoring of electrification projects within the Municipal area. The table below illustrate the performance of Kagisano-Molopo Local Municipality regarding monitoring electrification projects implemented by the Eskom

Electricity Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 2		Year 3	
		Target	Actual	Target	Actual Year 0	Target	Actual Year 2	Target	Actual Year 3
Service Indicators		Previous Year		Previous Year		Current Year		Current Year	Following Year
(i)		(ii)	(iv)	(iii)		(v)	(vi)	(vii)	(ix)
Service Objective: Monitoring and Evaluation to improve service delivery									
Monitoring and Evaluation to improve service delivery	4 Electricity Project Management Meetings Attended by 30 June 2019	4 Electricity Project Management Meetings Attended by June 2018	Achieved 4 Electricity Project Management Meetings Attended	4 Electricity Project Management Meetings Attended of June 2018	4 Electricity Project Management Meetings Attended by June 2019	Not Achieved 1 Electricity Project Management Meetings Attended.	None	None	None
	Number of Electricity Project Management Meetings Attended								

# Chapter 3

Employees: Electricity Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2-4	0	0	0	0	0%
5-6	3	3	3	0	0%
7-9	0	0	0	0	0%
10	1	1	1	0	0%
11-12	0	0	0	0	0%
16	0	0	0	0	0%
21	0	0	0	0	0%
Total	3	3	3	0	0%

# Chapter 3

## 3.4 HOUSING

### INTRODUCTION TO HOUSING

Housing services provision is the responsibility of Department of Local Government and Human Settlement; Kagisano-Molopo Local Municipality is only responsible for the identification and monitoring of housing projects within the Municipal area. The table below illustrate the performance of Kagisano-Molopo Local Municipality regarding monitoring housing projects implemented by Department of Local Government and Human Settlement.

Housing Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0 (2014/15)		Year 1 (2013/14)		Year 2	Year 3		
		Target	Actual	Target	Actual		Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective To monitor the provision of housing									
Monitoring and Evaluation to improve service delivery	4 Housing Project Management Meetings Attended by 30 June 2019	4 housing projects management meeting attended by June 2018	4 Monitored housing projects meeting attended to	4 Housing Project Management Meetings Attended by 30 June 2018	4 Housing Project Management Meetings Attended by 30 June 2019	Not Achieved 2 Housing Project Management Meetings Attended	None	None	None
Number of Housing Project Management Meetings Attended									

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2-4	0	0	0	0	0%
5-6	0	0	0	0	0%
7-9	0	0	0	0	0%
10	0	0	0	0	0%
11-12	0	0	0	0	0%
16	0	0	0	0	0%
21	0	0	0	0	0%
Total	0	0	0	0	0%

# Chapter 3

## 3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT

### FREE BASIC SERVICES AND INDIGENT SUPPORT

The overall objective is to substantially eradicate elements of poverty within the Municipal area. Individuals classified as indigent should have access to basic water supply, sanitation, energy and refuse services.

The municipality has signed a contract with ESKOM on provision of free basic electricity, and as a result 5000 indigents so far has been registered in the municipal indigent register.

The municipality through water service provider (Sedibeng Water) is providing Free Basic Water, to all consumers in all the 15 wards.

# Chapter 3

## COMPONENT B: ROAD TRANSPORT

### INTRODUCTION TO ROAD TRANSPORT

The major road links is R378 which links Ganyesa, Tosca to Bray from Vryburg and surrounding villages. Other smaller feeder roads exist connecting villages to the main rural villages. However, most of these are not tarred and largely unusable during summer when occasional flooding occurs. This makes access between the villages impossible.

The road passing from Kudungwane, Tlaskameng through Ganyesa to the south west is a primary route, serving as the main link to Kuruman. In addition, the road from Ganyesa, Morokweng to Vorstershoop and eventually Botswana (R379) is a primary route which has a high volume of traffic.

# Chapter 3

## 3.7 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

### INTRODUCTION TO TRANSPORT

Department of Transport and Public Safety has appointed a service provider to develop the local Integrated transport Plan, and once completed the municipality will adopt the strategy as a sector plan

## 3.8 WASTE WATER (STORMWATER DRAINAGE)

### INTRODUCTION TO STORMWATER DRAINAGE

Provision for storm water drainage has been made for the two access roads planned for the current year that is Huhudi Mawethu-Bore access road and Tseoge access road.

# Chapter 3

## COMPONENT C: LOCAL ECONOMIC DEVELOPMENT

### INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT

Local Economic Development is an approach to economic development within the municipal area, to ensure job opportunities and better lives for all. The municipality resolved to move from small non-impact projects to big industrialized and labour-intensive projects which are economically viable that will directly address Agriculture, Culture and Tourism as key sectors in our economic transformation. These projects are also intended to industrialize our economy

### 3.9 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2-4	0	0	0	0	0%
5-6	0	0	0	0	0%
7-9	0	0	0	0	0%
10	2	2	2	0	0%
11-12	3	3	3	0	0%
16	3	3	3	0	0%
Total	8	8	8	0	0%

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
Year -2	1	250
Year -1	1	250
Year 0	2	336



# Chapter 3

Local Economic Development Policy Objectives Taken From IDP											
Service Objectives		Outline Service Targets		Year -1		Year 0		Year 2		Year 3	
				Target	Actual	Target		Actual		Target	
Service Indicators			Previous Year	(iii)	(iv)	Previous Year	Current Year	Current Year	Current Year	Current Year	Following Year
						(v)	(vi)	(vii)	(ix)	(x)	
Service Objective To promote LED											
To promote LED	2 of Brick making programs implemented per project implementation plan by 30 June 2019	Brick making feasibility study conducted for the entire municipality by June 2018	Achieved	Brick making feasibility study conducted for the entire municipality by June 2018	2 of Brick making programs implemented per project implementation plan by 30 June 2019	Not Achieved	Brick making programs not implemented per project implementation plan	NONE	None	None	
Number of Brick making programs implemented per project implementation plan											
Create an environment that promotes development of local economy and facilitate job creation	280 Jobs created through EPWP by September 2019	280 Jobs created through EPWP by June 2018	Achieved	280 Jobs created through EPWP by June 2018	280 Jobs created through EPWP by September 2019	Achieved		NONE	None	None	
Number of Jobs to be created through EPWP											

# Chapter 3

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries, community halls; cemeteries; child care; aged care; social programmes

### 3.10 LIBRARIES AND COMMUNITY FACILITIES

#### INTRODUCTION TO LIBRARIES AND COMMUNITY FACILITIES

Kagisano-Molopo Local Municipality is operating three libraries for community members to have access to sources of information for educational reference and borrowing of books. There are also library awareness campaigns conducted by the Municipality to ensure the functionality of the libraries. Thusong service centres are also operational to provide access to government services and information. These projects have contributed in improving the lives of disadvantaged communities around the Municipal area. The table below illustrate the performance of some of the top objectives set by the Municipality in its Integrated Development Plan.

Libraries and Community Facilities Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Actual	Year 0		Actual Year	Year 2	
		Target	Previous Year		Previous Year	Current Year		Current Year	Target
Service Indicators									
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective To ensure access to information									
To ensure access to information	72 Library awareness campaigns / Program held for Ganyesa, Morokweng, Tosca and Tlaskgaming by 30 June 2019	48 (4 campaigns per library) Library awareness campaigns/programmes held for Ganyesa, Morokweng, Tosca & Vorstershoop by 30 June 2018	Achieved	48 (4 campaigns per library) Library awareness campaigns/programmes held for Ganyesa, Morokweng, Tosca & Vorstershoop by 30 June 2018	72 Library awareness campaigns / Program held for Ganyesa, Morokweng, Tosca and Tlaskgaming by 30 June 2019	Achieved	None	None	None
Number of Library awareness campaigns/ program held for Ganyesa, Morokweng, Tosca and Tlaskgaming									

# Chapter 3

Employees: Libraries and Community Facilities						
Job Level	Year -1	Year 0				
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	%
2-4	0	0	0	0		0%
4-6	3	3	3	0		0%
7-9	3	3	3	0		0%
10-12	1	1	1	0		0%
Total	7	7	7	0		0%

## 3.11 CEMETERIES

### INTRODUCTION TO CEMETERIES

For the year under review the municipality planned to fence 30 Cemeteries (two per ward), however due to slow delivery of material by service prover could only fenced 27 cemeteries.

# Chapter 3

## 3.12 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

### INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The Municipality has provided support to women, elderly, children and people with disabilities. These supports included awareness campaigns and educational materials and training. The table below illustrate the performance of some of the top objectives set by the Municipality in its Integrated Development Plan.

Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets (i)	Year -1		Year 0		Actual	Year 2		Year 3
		Target	Actual	Previous Year (iii)	Current Year (iv)		Current Year (viii)	Current Year (ix)	
Service Indicators (i)									
				(iii)	(iv)	(vi)	(viii)	(ix)	(x)
<b>Service Objective:</b>									
To support the elderly within the community	4 Awareness Campaigns for advocacy of elderly rights Program held by 30 June 2019	4 Awareness Campaigns for advocacy of elderly rights Programme held by 30 June 2018	Achieved	4 awareness campaigns for advocacy of elderly rights held by end of June 2018	4 Awareness Campaigns for advocacy of elderly rights Program held by 30 June 2019	Achieved	None	None	None
Number of Awareness Campaigns for advocacy of elderly rights Programmes held									
Advocate for the rights of children	4 Child development / program rights supported per plan by 30 June 2019	4 ECD's supported by end of June 2018	Achieved	4 ECD's supported by end of June 2018	4 child Development /program supported per plan by 30 June 2019	Not Achieved	None	None	None
Number of ECD's supported per plan									

# Chapter 3

Employees: Child Care, Aged Care, Social Programmes						
Job Level	Year -1		Year 0			
	Employees		Posts		Employees	
	No.		No.		No.	
2-4	0		0		0	0%
11	1		1		1	0%
Total	1		1		1	0%

## COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes pollution control; biodiversity and landscape; and coastal protection.

### INTRODUCTION TO ENVIRONMENTAL PROTECTION

Environmental Protection is the Responsibility or function of the Department of Rural Economic and Agricultural Development

#### 3.13 POLLUTION CONTROL

### INTRODUCTION TO POLLUTION CONTROL

Pollution control is the responsibility or function of the District Municipality

# Chapter 3

## 3.14 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

### INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

The function of Biodiversity does not rest with the municipality

## COMPONENT F: HEALTH

This component includes clinics; ambulance services; and health inspections.

### INTRODUCTION TO HEALTH

Health services is the responsibility or function of the Department of Health and the Municipality only identify and communicate health issues/needs to the Department.

## COMPONENT G: SECURITY AND SAFETY

### INTRODUCTION TO SECURITY & SAFETY

The Security and Safety function does not rest with the municipality

# Chapter 3

## 3.15 FIRE

### INTRODUCTION TO FIRE SERVICES

Fire Services is the responsibility of the District Municipality and there is Service level Agreement in place for Coordination of disaster management.

## COMPONENT H: SPORTS FACILITY

### INTRODUCTION TO SPORT FACILITY

For the year under review only one sport facility was planned and successfully constructed and is at the practical completion stage at Vragas.

## 3.16 SPORT FACILITY

Sport Policy Objectives Taken From IDP		Year 0		Year 1		Year 2		Year 3	
Service Objectives	Outline Service Targets	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Service Indicators		*Previous Year		*Previous Year		*Current Year		*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective: Eradicate backlogs in order to improve access to recreational facilities									
Eradicate backlogs in order to improve access to recreational facilities	1 constructed sport facility at Vragas (Ward 8) by 30 June 2019	1 constructed sports facility at Vragas by 30 June 2018	Not Achieved	1 constructed sports facility at Vragas by 30 June 2018	1 constructed sport facility at Vragas (Ward 8) by 30 June 2019				
Number of Sport facility constructed at Vragas (Ward 8)									

# Chapter 3

Employees: Sports Services						
Job Level	Year -1	Year 0				
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	%
0 - 3	0	0	0	0	0	0%
4 - 6	0	0	0	0	0	0%
7 - 9	0	0	0	0	0	0%
10 - 12	2	2	2	2	0	0%
Total	2	2	2	2	0	0%



# Chapter 3

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes corporate policy offices, financial services, human resource services and ICT services

### 3.17 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

#### INTRODUCTION TO EXECUTIVE AND COUNCIL

The Integrated Development Plan, Service Delivery Budget Implementation Plan were compiled and adopted as per MFMA and MSA legislation. The table below illustrate the achievement of such Municipal documents

# Chapter 3

The Executive and Council Policy Objectives Taken From IDP											
Service Objectives		Outline Service Targets		Year -1		Year 0		Year 1		Year 3	
		Target		Actual		Target		Actual		Target	
		*Previous Year		*Previous Year		*Previous Year		*Current Year		*Current Year	
		(iii)		(iv)		(v)		(vi)		(vii)	
		(ii)		(iii)		(iv)		(v)		(vi)	

# Chapter 3

Employees: EXECUTIVE AND COUNCIL						
Job Level	Year -1		Year 0			
	Employees		Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
10	2	2	2	2	0	0%
11	5	5	5	5	0	0%
16	2	2	2	2	0	0%
Total	9	9	9	9	0	0%

# Chapter 3

## 3.18 FINANCIAL SERVICES

### INTRODUCTION FINANCIAL SERVICES

The Municipality ensured that all creditors are paid within 30 days of receipt of invoice. Please refer table below for performance of financial management on the top priorities of the Municipality.

Financial Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1		Year 2		Year 3	
		Target	Actual	Previous Year (v)	Current Year (vi)	Current Year (viii)	Current Year (ix)	Target	Current Year (x)
<b>Service Indicators</b>	<b>(i)</b>	<b>(iii)</b>	<b>(iv)</b>	<b>(v)</b>	<b>(vi)</b>	<b>(viii)</b>	<b>(ix)</b>	<b>(x)</b>	<b>(x)</b>
<b>Service Objective facilitate payments</b>									
<b>To facilitate payments</b>	100% Creditors paid within 30 days of receipt of valid invoice	100% Payments creditors within 30 days of receipt of valid invoice	Achieved	100 % Payment of creditors within 30 days of receipt of invoice	100% Creditors paid within 30 days of receipt of Valid invoice		None	None	None
% Payment Creditors within 30 days of receipt of valid invoice									

# Chapter 3

Employees: Financial Services						
Job Level	Year -1		Year 0			
	Employees		Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	No.	%
0 - 3	6	7	6	1	1	1%
4 - 6	7	7	7	0	0	0%
Total	13	14	13	1	1	1%

# Chapter 3

## 3.19 HUMAN RESOURCE SERVICES

### INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resources Services provide the bedrock for support of the broad workforce and is vital to the achievements of objectives set by an organisation. The municipality has developed firm controls and policy framework to ensure that support, supervision, guiding and control management over the workforce is firm and geared towards the achievement of set objective.

Human Resource Services Policy Objectives Taken From IDP											
Service Objectives		Outline Service Targets		Year -1		Year 0		Year 2		Year 3	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual
Service Indicators		(i)		*Previous Year	(iii)	(iv)	*Previous Year	*Current Year	(viii)	*Current Year	*Following Year
(i)		(ii)			(iii)	(iv)	(v)	(vi)	(vii)	(ix)	(x)
Service Objective: Improve organizational cohesion and effectiveness											
Improve organizational cohesion and effectiveness		I Policy workshop conducted by 30 June 2019		4 HR policies developed by end of June 2018		4 HR policies were developed		4 HR policies developed by end of June 2018		1 Policy workshop conducted by 30 June 2019	
Number of policy workshops conducted.								Achieved		None	
To review HR Plan		Reviewed HR Plan by 31 May 2019		Developed HR Plan by 31 May 2018		Achieved		Developed HR Plan by 31 May 2018		Reviewed HR Plan by 30 June 2019	
Reviewed HR plan								Achieved		None	

# Chapter 3

Employees: Human Resource Services						
Job Level	Year -1		Year 0			
	Employees		Posts		Employees	
	No.		No.		No.	
0 - 3	2	4		2	2	2%
4 - 6	27	27		27	0	0%
7 - 9	4	4		4	0	0%
10 - 12	9	9		9	0	0%
11	4	4		2	2	1%
16	2	3		2	1	1%
Total	48	51		46	5	4%

# Chapter 3

## 3.20 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Municipality has adopted the reviewed ICT policy to govern Municipality's Information Technology. There are on-going processes to improve on ICT infrastructure and services. The following table illustrate performance on ICT services

ICT Services Policy Objectives Taken From IDP									
Service Objectives		Outline Service Targets		Year -1		Year 0		Year 2	Year 3
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
Service Indicators		*Previous Year		*Previous Year	*Current Year	*Current Year		*Current Year	*Following Year
		(iii)		(iv)	(v)	(vi)	(vii)	(viii)	(ix)
Service Objective: Improve organizational cohesion effectiveness									
Improve organizational cohesion effectiveness	Upgraded ICT Infrastructure (access to emails and internet) by 30 June 2019	ICT infrastructure upgraded (Access to e-mails, internet) by 30 June 2018	Achieved	ICT Infrastructure upgraded (access to e-mails & internet) by 30 June 2018	Upgraded ICT Infrastructure (access to emails and internet) by 30 June 2019	Achieved	None	None	None
	upgraded ICT Infrastructure (Access to e-mails, internet)								



# Chapter 3

Employees: ICT Services						
Job Level	Year -1		Year 0			
	Employees		Posts		Employees	
	No.		No.		No.	
0 - 3	0		0		0	0%
4 - 6	0		0		0	0%
7 - 9	0		0		0	0%
10 - 12	0		0		0	0%
16	0		1		1	1%
Total	0		1		1	1%

# Chapter 3

## 3.21 LEGAL AND RISK MANAGEMENT SERVICES

This component includes: legal and risk management services.

### INTRODUCTION TO LEGAL AND RISK MANAGEMENT SERVICES

The risk management services is a shared service between the Municipality and the District Municipality. The District Municipality has ensured that risks are identified, assessed and managed through internal audit services and audit committee services. The Municipality has also ensured that all reported legal cases are addressed appropriately through internal or external services. The following table illustrates the performance of how reported cases were addressed.

Property; Legal; Risk Management; and Procurement Services Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	Year -1		Year 0		Actual	Year 2		Year 3	
		Target	Actual	Previous Year	Current Year		Current Year	Target	Current Year	Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)
<b>Service Objective: Improve organizational cohesion and effectiveness</b>										
Improve organizational cohesion and effectiveness municipality	100% Legal matters attended to by 30 June 2019	100% of Legal matters attended to by 30 June 2018	Achieved	100% of reported cases handled by end of June 2018	100% Legal matters attended to by 30 June 2019	Achieved	None	None	None	None
% Legal matters attended to										

# Chapter 3

Employees: Legal and Risk Management Services						
Job Level	Year -1	Year 0				
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	
0 - 3	0	0	0	0	0%	
4 - 6	0	0	0	0	0%	
7 - 9	0	0	0	0	0%	
10 - 12	0	0	0	0	0%	
Total	0	0	0	0	0%	

# Chapter 3

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## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.  
In terms of section 46 of the Local Government, Municipal Systems Act, 32 of 2000, municipalities are expected to compile annual performance reports with targets set for the performance in the previous financial year. The report outlined below, serves as a reflection of the actual performance on targets set in the SDBIP for the financial year 2018/19, with challenges and planned remedial action(s) aimed at improving performance and service delivery.

### a) Key Performance Area: Municipal Transformation and Institutional Development

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# Chapter 3

KPA	Municipal Institutional Development and Transformation														
Outcome 9 Functional Area /Development priorities	Output 6 Strategic Objective	Baseline 2017-2018 Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annex ure
Ensuring submission of PMS Reports and Conducting reviews	To ensure that PMS Reports are submitted and Reviews on time	8 Departmental Quarterly performance reviews	12 Departmental Quarterly Performance Reviews	None	4 Departmental Quarterly Performance Reviews performed per Municipal Department by 30 June 2019	Output	2	Number of Departmental Quarterly Performance Reviews performed per Municipal Department	OpEx		Achieved 4 Departmental Quarterly Performance Reviews performed per Municipal Department	N/A	N/A	Attendance register and Minutes	1C
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	2015/2016 and 2016/2017 Annual performance report submitted to the Auditor General of South Africa	Submission of 2017/2018, 2018/2019 and 2019/2020 Annual Performance Reports to the Auditor General of South Africa	None	Timeous submission of 2017/2018 Annual Performance Report to the Office of the Municipal Manager by 31-August 2018	Output	2	Timeous submission of 2017/2018 Annual Performance Report to the Office of the Auditor General of South Africa	OpEx		Achieved 2017/2018 Annual Performance Reports submitted to the Auditor General of South Africa	N/A	N/A	Annual Performan ce Report and Acknowled gement letter	1D
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	2015/2016 and 2016/2017 Annual Report tabled	Tabling of 2017/2018, 2018/2019 and 2019/2020, Annual Report	None	Timeous tabling of 2017/2018 Annual Report to council by 31-January 2019	Output	2	Timeous tabling of 2017/2018 Annual Report to council	OpEx		Achieved 2017/2018 Annual Report tabled	N/A	N/A	2017/2018 Annual Report and Council resolution	1E

Table 1. Demographic characteristics of the study population

Characteristic	Number (n)	Percentage (%)
Age (years)		
< 18	10	1.2
18-24	15	1.8
25-34	25	3.0
35-44	35	4.2
45-54	45	5.4
55-64	55	6.6
65-74	65	7.8
75-84	75	9.0
85-94	85	10.2
≥ 95	95	11.4
Gender		
Male	120	14.4
Female	780	94.6
Ethnicity		
White	150	18.0
Black	100	12.0
Hispanic	80	9.6
Asian	60	7.2
Other	40	4.8
Marital status		
Married	180	21.6
Single	120	14.4
Divorced	80	9.6
Widowed	60	7.2
Never married	40	4.8
Education level		
High school or less	100	12.0
Some college	80	9.6
Bachelor's degree	60	7.2
Master's degree	40	4.8
PhD	20	2.4
Income (USD)		
< 10,000	120	14.4
10,000-20,000	100	12.0
20,000-30,000	80	9.6
30,000-40,000	60	7.2
40,000-50,000	40	4.8
50,000-60,000	20	2.4
60,000-70,000	10	1.2
70,000-80,000	5	0.6
80,000-90,000	2	0.2
90,000-100,000	1	0.1
≥ 100,000	1	0.1

# Chapter 3

Municipal Institutional Development and Transformation																
KPA	Administrative and financial capabilities of municipalities are enhanced															
Outcome 9	Output 6	Baseline 2017-2018				Annual Performance Target 2019	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure
Functional Area / Development priorities	Strategic Objective	Current status	Demand	Backlog												
Provision of effective Corporate Administration and Support	To provide Council Support Services	7 Portfolio Committee meetings	12 Portfolio Committee meetings	None	4 Portfolio Committee meetings coordinated by 30 June 2019	Output	3	Number of Portfolio Committee meetings coordinated	OpEx		Achieved 4 Portfolio Committee meetings	N/A	N/A	N/A	Attendance register and Minutes	1I
Provision of effective Corporate Administration and support	Improve organizational cohesion and effectiveness	12 EXCO meetings held	12 EXCO meetings held	None	4 EXCO meetings coordinated by 30 June 2019	Output	3	Number of EXCO meetings held	OpEx		Target Exceeded 7 EXCO meeting to be held	Due to special EXCO meeting convened	N/A	N/A	Attendance register and Minutes	1J
Provision of effective Corporate Administration and support	Improve organizational cohesion and effectiveness	22 Council meetings held	12 Council meetings held	None	4 Council meetings coordinated by 30 June 2019	Output	5	Number of Council meetings coordinated	OpEx		Achieved 17 Council Committee Meeting held	Due to special council meetings convened	N/A	N/A	Attendance register and Minutes	1K



# Chapter 3

Municipal Institutional Development and Transformation																		
KPA		Administrative and financial capabilities of municipalities are enhanced																
Outcome 9	Functional Area / Development priorities	Output 6	Strategic Objective	Baseline 2017-2018	Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure
	To maintain an fleet management that enables the municipality to achieve its goals and objectives		To improve fleet management	New		24 Municipal Vehicles purchased	None	8 Municipal Vehicles purchased by 30 June 2019	Output	7	Number of Municipal Vehicles purchased	R3 500 000		Not Achieved	Bidders were none responsive	To review the specifications and re-advertise ment	Report Memo	1X
	Human Resource		Improve organizational cohesion effectiveness	Completion and Submission of Employment Equity report		Completion and Submission of Employment Equity report	None	Completion and Submission of Employment Equity report to DoL by 31 March 2019	Output	5	Completion and Submission of Employment Equity report to DoL	OpEx	R22 497	Achieved Completion and Submission of Employment Equity Report to DoL	N/A	N/A	Employment Equity Report and Acknowledgement letter	1Y
	Create a safe and healthy working environment for staff, Councilors and community		Improve organizational cohesion effectiveness	6 Employee Wellness Program implemented		12 Employee Wellness Program implemented	3	4 Employee Wellness Program implemented by 30 June 2019	Output	5	Number of Employee Wellness program implemented	R 600 000		Achieved 4 Employee Wellness Program implemented	N/A	N/A	Employee Wellness Program Reports and Memo	1Z

# Chapter 3

Municipal Institutional Development and Transformation															
KPA	Administrative and financial capabilities of municipalities are enhanced														
Outcome 9: Functional Area / Development priorities	Output 6: Strategic Objective	Baseline 2017/2018: Current status	Demand 2017/2018	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual performance	Reason for under/over performance	Remedial Action	POE	Annexure
Provision of effective Corporate Administration and support	Improve organizational cohesion and effectiveness	100% Legal matters attended to	100% Legal matters attended to	None	100% Legal matters attended to by 30 June 2019	Output	3	% Legal matters attended to	OpEx		Achieved 100% Legal matters attended to	N/A	N/A	Report	1L
Development and implement of sound Human resources Management and Policies	Improve organizational cohesion and effectiveness	2 Policy workshops conducted	3 Policy workshops conducted	None	1 Policy workshop conducted by 30 June 2019	Output	5	Number of Policy workshops conducted	OpEx		Achieved 2 Policy workshops conducted	Due to the needs that was identified in the Municipality	N/A	Attendance Register Report	1M
Development and implementation of sound Human Resource management and Policies	To review HR Plan	HR Plan reviewed	Review HR plan	None	Reviewed HR plan by 31 May 2018	Output	4	Reviewed HR plan	OpEx		Achieved HR Plan Reviewed	N/A	N/A	HR Plan and Council resolution	1N
Promote and maintain sound Labour relations	Improve organizational cohesion and effectiveness	5 LLF meeting held	12 LLF meetings held	3	4 LLF meetings coordinated by 30 June 2019	Output	4	Number of LLF meetings coordinated	OpEx		Not Achieved 3 LLF meeting held	N/A	N/A	Attendance register and Minutes Memo	1O

# Chapter 3

Municipal Institutional Development and Transformation:																	
KPA		Administrative and financial capabilities of municipalities are enhanced															
Outcome 9	Functional Area / Development priorities	Output 6 Strategic Objective	Baseline 2017-2018 Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure	
Promote and maintain sound Labour relations	Improve organizational cohesion and effectiveness	100% disciplinary cases handled	100% disciplinary cases handled	None	100% reported disciplinary cases handled by 30 June 2019	Output	3	% reported disciplinary cases handled	OpEx		Achieved 100% Reported disciplinary cases handled	N/A	N/A	Case Register Disciplinary cases report	1P		
Development of sound Human Resource management	Improve organizational cohesion and effectiveness	Workplace Skills Plan Submitted	Workplace Skills Plan Submitted	None	Workplace Skills Plan Submitted to LGSETA by 30 April 2019	Output	4	Workplace Skills Plan Submitted to LGSETA	OpEx		Achieved Workplace Skills Plan Submitted	N/A	N/A	Workplace Skills Plan and Acknowledgement letter	1Q		
Development of sound Human Resource management	Improve organizational cohesion and effectiveness	Annual Training Report developed and submitted to LGSETA	Annual Training Report developed and submitted to LGSETA	None	Annual training Report submitted to LGSETA by 30 April 2019	Output	5	Annual training Report submitted to LGSETA	OpEx		Achieved Annual training Report submitted	N/A	N/A	Annual Training Report and Acknowledgement letter	1R		
Development of sound Human Resource management	Improve organizational cohesion and effectiveness	Aligned Organizational structure to the IDP	Alignment of Organizational Structure to the IDP	None	Reviewed Organizational Structure aligned to the IDP by 31 May 2019	Output	3	Reviewed Organizational Structure aligned to the IDP	OpEx		Achieved Organizational Structure aligned to the IDP reviewed by 31 May 2019	N/A	N/A	Reviewed Organizational Structure and Council resolution	1S		

# Chapter 3

Municipal Institutional Development and Transformation															
Outcome 9	Administrative and financial capabilities of municipalities are enhanced														
Functional Area /Development priorities	Strategic Objective	Baseline 2017-2018 Current status	Demand	Backlog	Annual Performance Target 2018/19	ICT TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual performance	Reason for under/over performance	Remedial Action	PGE	Anne xure
Development of sound Human Resource management	Improve organizational cohesion and effectiveness	20 Learning Intervention implemented per WSP	24 Learning interventions implemented per WSP	None	8 Learning interventions implemented per WSP by 30 June 2019	Output	5	Number of learning interventions implemented per WSP	R 1 500 000	R 513 837	Achieved 8 Learning interventions implemented per WSP	N/A	N/A	Invoices and Attendance registers	1T
		100% of bursaries allocated to qualifying employees	100% of bursaries allocated to qualifying Employees	None	100% bursaries Allocated to Qualifying Employees by 30 September 2018 & 31 March 2019	Output	5	% bursaries allocated to Qualifying Employees	R 532 000	R 275 522	Achieved 100% Bursaries Allocated to Qualifying Employees	N/A	N/A	List of Beneficiaries Bursary report & Letters to beneficiaries	1U
Information Technology	Improve organizational cohesion effectiveness	100% procured computers for staff	100% procured computers for staff	None	100% procured computers per request for staff and Councilors 30 June 2019	Output	5	% procured computers per Request for Staff and Councilors	Opex	R 189 000	Achieved 100% procured computers for staff and Councilors	N/A	N/A	List of requisitions Report	1V
To provide sound working environment that will improve services delivery	Improve organizational cohesion effectiveness	100% Purchasing of Furniture per request	100% Purchasing of Furniture per request	None	100% Purchasing of Furniture per request by 30 June 2019	Output	10	% Purchasing of Furniture per request	Opex	R 202 624	Achieved 100% procured Purchasing of Furniture per request	N/A	N/A	List of requisitions Report	1W

### **b) Key Performance Area: Basic Service Delivery and Infrastructure Development**

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# Chapter 3

Basic Service and Infrastructure Development																
KPA	Administrative and financial capabilities of municipalities are enhanced															
Outcome 9 Functional Area / Development priorities	Strategic Objective	Baseline 2017-2018 Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure	
Development and Review of the Performance Management in line with Audit findings	To achieve a clean audit opinion	2 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	3 report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	N/A	1 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager by and 30 June 2019	Output	2	Number of reports on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	OpEx		Achieved 1 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	N/A	N/A	PAAP summary report & Acknowledgement register	2H	
Provision of effective Corporate Administration and Support	To provide Council Support Services	8 Portfolio Committee meetings	12 Portfolio Committee meetings	None	4 Portfolio Committee meetings coordinated by 30 June 2019	Output	3	Number of Portfolio Committee meetings coordinated	OpEx		Not Achieved 3 Portfolio Committee meetings	Unavailability of the relevant Councilors to form a quorum	The strict measures to be implemented for the adherence of the schedule	Attendance register and Minutes Memo	2I	
Eradicate backlogs in order to improve access to services	7 Housing Program Meetings Attended	12 Housing Program Meetings Attended	1	none	4 Housing Project Management Meetings Attended by 30 June 2019	Output	3	Number of Portfolio Committee meetings coordinated	OpEx		Not Achieved 3 Portfolio Committee meetings	Unavailability of the relevant Councilors to form a quorum	The strict measures to be implemented for the adherence of the schedule	Attendance register and Minutes Memo	2I	



# Chapter 3

Basic Service and Infrastructure Development															
KPA	Administrative and financial capabilities of municipalities are enhanced														
Outcome 9 Functional Area / Development priorities	Outcome 6 Strategic Objective	Baseline 2017-2018 Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Anne xure
Eradicate backlogs in order to improve access to services	7 Housing Program Meetings Attended	12 Housing Program Meetings Attended	1		4 Housing Project Management Meetings Attended by 30 June 2019	Output	3	Number of Housing Project Management Meetings Attended	OpEx		Not Achieved 2 Housing Project Management Meetings Attended	Lack of Co-ordination by the Municipality	To improve the relationship between the Municipality and the Departments of Housing	Attendance register and Minutes Memo	2K
Eradicate backlogs in order to improve access to services	8 Rural Water Supply Meetings Attended	12 Rural Water Supply Meetings Attended	None	None	4 Rural Water Supply Program Meetings Attended by 30 June 2019	Output	3	Number of Rural Water Supply Program Meetings Attended	OpEx		Not Achieved 2 Rural Water Supply Program Meetings Attended	Lack of Co-ordination by the Municipality	To improve the relationship between the Municipality and the District	Attendance register and Minutes Memo	2J
Eradicate backlogs in order to improve access to services	8 Electricity Project Management Meetings Attended	12 Electricity Project Management Meetings Attended	None		4 Electricity Project Management Meetings Attended by 30 June 2019	Output	3	Number of Electricity Project Management Meetings Attended	OpEx		Not Achieved 3 Electricity Project Management Meetings Attended	Lack of Co-ordination by the Municipality	To improve the relationship between the Municipality and Eskom	Attendance register and Minutes Memo	2L
Eradicate backlogs in order to improve access to services	4 Housing Sanitation Program Meetings Attended	9 Housing Sanitation Program Meetings Attended	2	None	3 Housing Sanitation Program Meetings Attended by 30 June 2019	Output	3	Number of Rural Housing Sanitation Program Meetings Attended	OpEx		Not Achieved 1 Housing Sanitation Program Meetings Attended	Lack of Co-ordination by the Municipality	To improve the relationship between the Municipality and Eskom	Attendance register and Minutes	2M

# Chapter 3

Basic Service and Infrastructure Development										
KPA	Output 6	Administrative and financial capabilities of municipalities are enhanced								
Functional Area / Development priorities	Strategic Objective	Baseline 2017-2018 Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure
Eradicating backlogs in order to improve access to service and ensure proper operations and maintenance	60 High mast lights constructed at Gamodisanyan (Ward 1) and Kudunkwane (Ward 1)	100 High mast lights constructed at Tlakgameng (Ward 13), Garapiya (ward 2), Goodwood (Ward 14) Southey, Kgokgolane (ward 7), Tsheneng (ward 7) and Tshetshu (ward 03)	18 high mast lights constructed at Tlakgameng (Ward 13),	18 in Tlakgameng (Ward 13)	40 Construct high mast lights in Garapiya (ward 2) Tlakgameng (Ward 13) and Goodwood (ward 14) by 30 June 2019	Outcome	10	Number of high mast lights constructed at in Garapiya (ward 2) Tlakgameng (Ward 13) and Goodwood (ward 14)	R 12 000 000	R 1 099 682
								Not Achieved 40 High Mast Lights not constructed at Garapiya (ward 2) Tlakgameng (Ward 13) and Goodwood (ward 14)		
								The procurement of a suitable contractor was re-advised due to non-responsiveness of potential bidders.		
								To be constructed in the next financial year as the Multi financial Project		
								Report and Memo		2N
Eradicate backlogs in order to improve access to recreational facilities	None	1 constructed sport facilities at Vragas (Ward 8)	1 constructed sport facilities at Vragas (Ward 8)	1 sport facilities design stage at Vragas	1 constructed sport facilities at Vragas (Ward 8) by 30 June 2019	Outcome	10	Number of sport facilities constructed at Vragas (Ward 8)	R 12 000 000	R 8 761 004
								Not Achieved		
								The project is at practical completion stage, there was a delay from the Department of Water and Sanitation with regards to the approval of the conservancy tank.		
								To be completed in the next financial year		
								Appointment letter Site Inspection Minutes Report and Memo		20

# Chapter 3

Basic Service and Infrastructure Development																	
Administrative and financial capabilities of municipalities are enhanced																	
KPA	Outcome 9 - Functional Area / Development priorities	Output 6 - Strategic Objective	Baseline 2017-2018			Annual Performance Target 2018/19		KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Time frame
			Current status	Demand	Backlog												
	Eradicate backlogs in order to improve access to recreational facilities	None	None	1 Upgraded Ganyesa Dam Park (Ward 4)	1 Upgraded Ganyesa Dam Park (Ward 4)	1 Upgraded Ganyesa Dam Park (Ward 4) 30 June 2019	Outcome	5	Number of Upgraded Ganyesa Dam Park (Ward 4)	R 2 000 000	R 0	Not Achieved	The project was advertised for the procurement of a consultant for the design, monitoring and close out	To be done in the next financial year	Adverts Memo	2P	
	Eradicate backlogs in order to improve access to services	New	1.8 kilometre Access road constructed at Tseoge (Ward 11)	1.8-kilometre Access road constructed at Tseoge (Ward 11)	1 Access road constructed at Tseoge (Ward 11)	1 Access road constructed at Tseoge (Ward 11) by end June 2019	Outcome	5	Number of access road constructed at Tseoge (Ward 11)	R 8 000 000	R 6 174 109	Not Achieved	The project is delayed to an underperforming contractor and the excessive un-anticipated amounts of hard rock.	A nominated sub-contractor has been appointed to execute the works on behalf of the main contractor	Report and Memo	2Q	
	Eradicate backlogs in order to improve access to services	New	4 kilometre of access road constructed at Huhudi-Mawefhu - Bore at Ganyesa (Ward 15 & 5)	None	None	4 kilometre of access road constructed at Huhudi-Mawefhu - Bore at Ganyesa (Ward 15& 5) by end June 2019	Outcome	10	Number of kilometres of access road constructed at Huhudi-Mawefhu - Bore at Ganyesa (Ward 15& 5)	R 15 000 000	R 902 346	Not Achieved	The procurement of a suitable contractor was re-advertised due to no-responsiveness of potential bidders.	To be constructed in the next financial year as the Multi financial Project	Memo	2R	

# Chapter 3

KPA	Basic Service and Infrastructure Development														
Outcome 9	Output 6	Administrative and financial capabilities of municipalities are enhanced													Annexure
Functional Area / Development priorities	Strategic Objective	Baseline 2017-2018	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	
Fencing of graveyards	None	150 Fenced cemeteries for all 15 Kagisano-Molopo Wards	30 Fenced cemeteries for all 15 Kagisano-Molopo Wards	30 Fenced cemeteries for all 15 Kagisano-Molopo Wards	60 Fenced cemeteries for all 15 Kagisano-Molopo Wards by 30 June 2019	Outcome	5	Number of fenced cemeteries for all 15 Kagisano-Molopo Wards	R10 000 000	R5 427 934	Not Achieved 26 Fenced cemeteries for all 15 Kagisano-Molopo Wards	Late delivery of fencing materials	To expedite the fencing of the Cemeteries in the next financial year	Close out report and the Memo	2S

# Chapter 3

## c) Key Performance Area: Local Economic Development and Community Services

KPA Outcome 9 Functional Area / Development priorities	Strategic Objective	Local Economic Development and Community Services			KPI TYPE	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure
		Current status	Demand	Backlog									
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 15 Days after the end of each Quarter	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 15 Days after the end of each Quarter	None	Output	2 Timeous submission of PMS quarterly Reports to the office of the Municipal Manager within 15 Days after the end of each Quarter	OpEx		Not Achieved 3 Municipal PMS quarterly Reports submitted to the office of the Municipal Manager within 15 Days after the end of each Quarter	Due to late submissions	Strict measures to be put in place for Managers	Municipal PMS Reports PMS Acknowledgement register and Memo	3A
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	2016/2017, 2017/2018 and Mid-Term Report submitted to the Office of the Municipal Manager	Submission of 2018/2019 and 2020/2021 Mid-Term Report to the Office of the Municipal Manager	None	Output	2 Timeous submission of 2018/2019 Mid Term Report to the Office of the Municipal Manager	OpEx		Achieved Timeous submission of 2018/2019 Mid Term Report to the Office of the Municipal Manager	N/A	N/A	Mid-Term Report and PMS Acknowledgement Register	3B

# Chapter 3

Local Economic Development and Community Services																		
Administrative and financial capabilities of municipalities are enhanced																		
KPA	Outcome 9	Outcome 6	Strategic Objective	Baseline 2017/2018 Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for underperformance	Remedial Action	POE	Annexure	
	Ensuring submission of PMS Reports and Conducting reviews	To ensure that PMS Reports are submitted and Reviews on time	8 Departmental Quarterly performance reviews	12 Departmental Quarterly Performance Reviews		None	4 Departmental Quarterly Performance Reviews performed per Municipal Department by 30 June 2019	Output	2	Number of Departmental Quarterly Performance Reviews performed per Municipal Department	OpEx		Achieved 4 Departmental Quarterly Performance Reviews performed per Municipal Department	N/A	N/A	Attendance register and Minutes	3C	
	Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	2015/2016 and 2016/2017 Annual performance report submitted to the Auditor General of South Africa	Submission of 2017/2018, 2018/2019 and 2019/2020 Annual Performance Reports to the Auditor General of South Africa		None	Timeous submission of 2017/2018 Annual Performance Report to the Office of the Municipal Manager by 31-August 2018	Output	2	Timeous submission of 2017/2018 Annual Performance Report to the Office of the Auditor General of South Africa	OpEx		Achieved 2017/2018 Annual Performance Reports submitted to the Auditor General of South Africa	N/A	N/A	Annual Performance Report and Acknowledgement letter	3D	
	Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	2015/2016 and 2016/2017 Annual Report tabled	Tabling of 2017/2018, 2018/2019 and 2019/2020 Annual Report		None	Timeous tabling of 2017/2018 Annual Report to council by 31-January 2019	Output	2	Timeous tabling of 2017/2018 Annual Report to council	OpEx		Achieved 2017/2018 Annual Report tabled	N/A	N/A	2017/2018 Annual Report and Council resolution	3E	

# Chapter 3

KPA	Local Economic Development and Community Services															
Outcome 9 Functional Area / Development priorities	Output 6 Strategic Objective	Administrative and financial capabilities of municipalities are enhanced														
		Current status	Baseline 2017-2018	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditures	Actual Performance	Reason for under/over performance	Remedial Action	POE	Anne sure
Providing structured and coherent approach in regular assessing and updating of Risk Management Development and Review of the Performance Management System	To ensure effective Risk management	8 Risk Register Updates conducted	12 Risk Register Updates conducted per each Department	N/A	N/A	4 Risk Register Updates conducted per Department by 30 June 2019	Output	2	Number of Risk Register Updates conducted per Department	OpEx		Achieved 4 Risk Register Updates conducted per Department	N/A	N/A	Updated Register	3F
	Audit queries attended to within the timeframe	Internal Auditor's Findings responded to	Respond to Internal Auditor's Findings	None		Responses to Internal Auditor's Finding within 30 days after receipt of the report	Output	2	Responses to the Internal Auditor's Findings within 30 days after receipt of the report	OpEx		Achieved Response to the Internal Auditor's Findings within 30 days after receipt the report	N/A	N/A	Internal Auditor's responses	3G
Development and Review of the Performance Management findings	To achieve a clean audit opinion	2 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	3 report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	N/A	N/A	1 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager by and 30 June 2019	Output	2	Number of reports on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	OpEx		Achieved 1 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	N/A	N/A	PAAP summary Report & Acknowledgement register	3H

# Chapter 3

Local Economic Development and Community Services																
KPA	Outcome 9 Functional Area / Development priorities	Output 6 Strategic Objective	Baseline 2017-2018 Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	An nu al r e g i s t e r a n d M i n u t e s
	Provision of effective Corporate Administration and Support	To provide Council Support Services	8 Portfolio Committee meetings	12 Portfolio Committee meetings	None	4 Portfolio Committee meetings coordinated by 30 June 2019	Output	3	Number of Portfolio Committee meetings coordinated	OpEx		Achieved 4 Portfolio Committee meetings	N/A	N/A	Attendance register and Minutes	3J
	To ensure effective Local Economic Development	To promote LED	2 SMME's supported per plan	2 SMME's supported per plan	None	2 SMME's supported per plan by 30 June 2019	Output	5	Number of SMME's supported per plan	R100 000	R46 790	Not Achieved - 2 SMME's Supported per plan	The Plan was not adhered to (Quarter 4)	Adhering to the plan in the next financial year	Report Attendance Requisitions Registers Invoices and Memo	3K
	To ensure effective Local Economic Development	To promote LED	None	11 Number of recycling programs implemented per project implementation plan	1 Number of recycling programs implemented per project implementation plan	3 recycling programs implemented per project implementation plan by 30 June 2019	Outcome	10	Number of recycling programs implemented per project implementation plan	R 1 500 000	R253 160	Not Achieved 3 recycling programs implemented per project implementation on plan	The Plan was not adhered to (Quarter4)	Adhering to the plan in the next financial year	Report Invoice Attendance Register and Memo	3L



# Chapter 3

Local Economic Development and Community Services																
KPA	Administrative and financial capabilities of municipalities are enhanced															
Outcome 9: Functional Area/ Development priorities	Output 6 Strategic Objective	Baseline 2017-2018 Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for underover performance	Remedial Action	POE	An ne xur e	
To ensure effective Local Economic	To promote LED	None	12 of Brick making programs implemented per project implementation on plan	2 of Brick making programs implemented per project implementation plan	2 of Brick making programs implemented per project implementation plan by 30 June 2019	Outcome	10	Number of Brick making programs implemented per project implementation plan	R 1 500 000		Not Achieved Brick making programs not implemented per project implementation plan	Awaiting public Works for a Memorandum of understanding	The Municipalit to detach itself from The Departme nt of Public Works and Implement ours	Report and Memo	3M	
Local Economic Development	Create an environment that promotes development of local economy and facilitate job creation	None	12 Goat Massification programs implemented per project implementation on plan	8 Goat Massification programs implemented per project implementation plan	4 Goat Massification programs implemented per project implementation plan by 30 June 2019	Outcome	10	Number of Goat Massification programs implemented per project implementation plan	R 4 000 000	R 1 986 458	Not Achieved - 3 Goat Massification programs implemented per project implementation plan	Delay in the discussing the implementation plan with the service provider	Follow up with the service Provider	Report Attenda nce Register Invoices and Memo	3N	
Local Economic Development	Create an environment that promotes development of local economy & facilitate job creation	New	8 Bona-Bona (Driefontein Heritage site) programs implemented per project implementation on plan	None	2 Bona-Bona (Driefontein Heritage site) programs implemented per project implementation plan by 30 June 2019	Outcome	10	Number of programs implemented at Bona –Bona (Driefontein Heritage site) per project implementation plan	R 1 090 000		Not Achieved 2 Bona-Bona (Driefontein Heritage site) programs implemented per project implementation plan			Report Memo	3O	

# Chapter 3

KPA	Local Economic Development and Community Services														
Outcomes 9 Functional Area /Development priorities	Output 6 Strategic Objective	Baseline 2017-2018 Current status	Demand	Backlog	Annual Performance Target 2019/19	KPI TYPE	%	Key performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	An- nex- ure
Administrative and financial capabilities of municipalities are enhanced															
To Ensure access to Government	To ensure access to information	183 Library awareness campaigns held	216 Library awareness campaigns held	None	72 Library awareness campaigns / Program held for Ganyesa, Morokweng, Tosca and Tlaskgaming by 30 June 2019	Output	5	Number of Library awareness campaigns/ program held for Ganyesa, Morokweng, Tosca and Tlaskgaming	OpEx	R165 665	Achieved - 72 Library awareness campaigns / Program held for Ganyesa, Morokweng, Tosca and Tlaskgaming	N/A	N/A	Campaign Reports and attendance register	3P
To Ensure access to Government	To ensure access to information	24 Thusong Service Centres accessible for government departments services	36 Thusong Service Centres accessible for government departments services	None	12 Reports on Thusong Service Centres accessible to government departments services at Morokweng, Tlaskgaming and Kgokgojane by 30 June 2019	Output	4	Number of reports on Thusong centres accessible for Government Departments services at Morokweng, Tlaskgaming and Kgokgojane	OpEx		Achieved 12 Reports on Thusong Service Centres accessible to government departments services at Morokweng, Tlaskgaming and Kgokgojane	N/A	N/A	Visitor Attendance registers and Reports	3Q

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#### **d) Municipal Financial Management and Financial Viability**

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# Chapter 3

Municipal Financial Management and Financial Viability																	
KPA	Outcome 9 Functional Area Development priorities	Output 6 Strategic Objective	Administrative and financial capabilities of municipalities are enhanced			Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure	
			Baseline 2017-2018	Demand	Backlog												
	Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	2015/2016 and 2016/2017 Annual Report tabled	Tabling of 2017/2018, 2018/2019 and 2019/2020, Annual Report	None	Timeous tabling of 2017/2018 Annual Report to council by 31-January 2019	Output	2	Timeous tabling of 2017/2018 Annual Report to council	OpEx		Achieved 2017/2018 Annual Report tabled	N/A	N/A	2017/2018 Annual Report and Council resolution	4E	
	Providing structured and coherent approach in regular assessing and updating of Risk Management	To ensure effective Risk management	8 Risk Register Updates conducted	12 Risk Register Updates conducted per each Department	N/A	4 Risk Register Updates conducted per Department by 30 June 2019	Output	2	Number of Risk Register Updates conducted per Department	OpEx		Achieved 4 Risk Register Updates conducted per Department	N/A	N/A	Updated Register	4F	
	Development and Review of the Performance Management System	Audit queries attended to within the timeframe	Internal Auditor's Findings responded to	Respond to Internal Auditor's Findings	None	Responses to Internal Auditor's Finding within 30 days after receipt of the report	Output	2	Responses to the Internal Auditor's Findings within 30 days after receipt of the report	OpEx		Achieved Response to the Internal Auditor's Findings within 30 days after receipt the report	N/A	N/A	Internal Auditor's responses	4G	

# Chapter 3

Municipal Financial Management and Financial Viability																		
Administrative and financial capabilities of municipalities are enhanced																		
KPA	Outcome 9	Output 6	Strategic Objective	Baseline 2017-2018	Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Time frame
	Development and Review of the Performance Management in line with Audit findings	To achieve a clean audit opinion	2 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	3 report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	N/A	1 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager by and 30 June 2019	Output	2	Number of reports on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	OpEx	Achieved 1 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	N/A	N/A	PAAP summary report & Acknowledgment register	4H			
	Provision of effective Corporate Administration and Support	To provide Council Support Services	7 Portfolio Committee meetings	12 Portfolio Committee meetings	None	4 Portfolio Committee meetings coordinated by 30 June 2019	Output	3	Number of Portfolio Committee meetings coordinated	OpEx	Achieved 4 Portfolio Committee meetings	N/A	N/A	Attendance register and Minutes	4I			
	Financial Viability and Financial Management	Maximize spending on CAPEX projects to promote implementation of projects	90% of budget spent on capital projects in terms of the IDP and SDBIP	90% of budget spent on capital projects in terms of the IDP and SDBIP	23%	90% Budget spent on capital projects on the IDP and SDBIP by 30 June 2019	Output	5	% Budget spent on capital projects in terms of the IDP and SDBIP	OpEx	Not Achieved 67% of budget spent on capital projects in terms of the IDP and SDBIP	MIG Funding was only received in end March 2019 and other Capital projects in tender process	Fast track the Implementation of Projects	Expenditure report and Memo	4J			

# Chapter 3

Municipal Financial Management and Financial Viability											
KPA Outcome 9 Functional Area/ Development Priorities	Output 6 Strategic Objective	Administrative and financial capabilities of municipalities are enhanced				KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance
		Baseline 2017-2018 Current status	Demand	Backlog	Annual Performance Target 2018/19						
Financial Viability and Financial Management	Maximize spending on CAPEX projects to promote implementation of projects	100% of operational budget of the IDP and SDBIP spent	100% of operational budget of the IDP and SDBIP spent	25%	100% of operational budget of the IDP and SDBIP spent by 30 June 2019	Output	5	% Operational budget of the IDP and SDBIP spent	OpEx		Not Achieved 75% of operational budget of the IDP and SDBIP spent
											Contracted services were reduced in the financial year as the services were not required. Cost containment measures in place
Finance	To facilitate payment	100% Payments creditors within 30 days of receipt of valid Invoice	100% Payments creditors within 30 days of receipt of valid Invoice	None	100% Payments creditors within 30 days of receipt of valid Invoice	Output	5	% Payment of creditors within 30 days of receipt of valid invoice	OpEx		Not Achieved - 100% Payments creditors within 30 days of receipt of valid invoice
											Lot of invoice were received late from other service providers
Financial Viability and Financial Management	To improve overall financial management by developing and implementing appropriate financial management	2 progress report on the implementation of valuation roll	3 progress report on the implementation of valuation roll	None	1 progress report on the implementation of valuation roll by June 2019	Output	2	Number of progress report on the implementation of valuation roll	OpEx		Achieved - 1 progress report on the implementation of valuation roll
											N/A
											Expenditure report and Memo
											The demand plan has been introduced to address the turnaround time of orders vs invoices
											Creditors Ageing Analysis Report and Memo
											Progress Report



# Chapter 3

Municipal Financial Management and Financial Viability																		
KPA	Administrative and financial capabilities of municipalities are enhanced																	
Outcome 9	Output 6	Strategic Objective	Baseline 2017-2018	Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure	
Functional Area /Development priorities																		
MSCOA	To improve overall financial management by developing and implementing appropriate financial management	New	12 quarterly progress report on the implementation of MSCOA submitted to the municipal Manager	None	4 Quarterly progress report on the implementation of MSCOA submitted to the Municipal Manager by June 2019	Output	2	Number of progress report on the implementation of MSCOA submitted to the Municipal Manager	OpEx	Achieved – 4 Quarterly progress report on the implementation of MSCOA submitted to the Municipal Manager	N/A	Report and acknowledgement letter	4N					
Finance	To facilitate payment	VAT bi-monthly returns submitted within 10 working days	18 of VAT bi-monthly returns submitted	None	6 VAT bi-monthly returns submitted 30 June 2019	Output	5	Number of VAT bi-monthly returns submitted	OpEx	Achieved 6 VAT bi-monthly returns submitted	N/A	VAT bi-monthly returns	4O					
To maintain sound and effective financial management	To facilitate payment	100% of salaries & allowances paid	100% of salaries & allowances paid	None	100% Salaries & allowances paid by the 25th of each month	Output	5	% Salaries & allowances paid by the 25th of each month	OpEx	Achieved 100% Salaries & allowances paid by the 25th of each month	N/A	Bank statements	4P					

# Chapter 3

Municipal Financial Management and Financial Viability																							
RPA	Administrative and financial capabilities of municipalities are enhanced																						
Outcome 9	Output 6	Baseline 2017-2018										Annual Performance Target 2018/19		KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure
Functional Area/ Development priorities	Strategic Objective	Current status	Demand	Backlog																			
Compliance with legislative requirements	To ensure adherence to legislative requirement	23 Section 71 Reports submitted to the Mayor, National and Provincial treasury within 10 working days after the end of each month (income and expenditure reports)	26 Section 71 Reports submitted to the Mayor, National and Provincial treasury within 10 working days after the end of each month (income and expenditure reports)	1	12 Section 71 Reports submitted to the office of the Municipal Manager, National and Provincial treasury within 10 working days after the end of each month (income and expenditure reports) by 30 June 2019	Output	5	Number of Section 71 Reports submitted to the office of the Municipal Manager, National and Provincial Treasury within 10 working days after the end of each month (income and expenditure reports)	OpEx			Not Achieved 11 Section 71 Reports submitted to the office of the Municipal Manager, National and Provincial treasury within 10 working days after the end of each month (income and expenditure reports)	Due to network challenges encountered during submission	Ensure proper monitoring	Section 71 Reports, PMS Acknowledgement register, Provincial, National Treasury confirmation Report and Memo	4Q							

# Chapter 3

Municipal Financial Management and Financial Viability																	
KPA	Outcome 9			Administrative and financial capabilities of municipalities are enhanced											POE	Annex- ure	
Functional Area/ Development priorities	Output 6	Strategic Objective	Baseline 2017-2018	Current status	Demand	Backlog	Annual Performance Target 2019/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action		
Compliance with legislative requirements	To ensure adherence to legislative requirement		8 Section 11 Report submitted to Council and Provincial treasury within 30 days after the end of each Quarter	12 Section 11 Report submitted to Council and Provincial treasury within 30 days after the end of each Quarter	None	4 Section 11 Report submitted to the office of the Municipal Manager, National and Provincial Treasury within 30 days after the end of each Quarter by 30 June 2019	Output	5	Number of Section 11 Report submitted to the office of the Municipal Manager, National and Provincial Treasury within 30 days after the end of each Quarter	OpEx		Achieved 4 Section 11 Report submitted to the office of the Municipal Manager, National and Provincial Treasury within 30 days after the end of each Quarter	N/A	N/A	Section 11 Report, PMS Acknowledgement register and National and Provincial treasury confirmation letters	4R	
Compliance with legislative requirements	To ensure adherence to legislative requirement		Timeous Submissions of Annual Financial Statement to the Office of the Auditor General	Timeous Submissions of Annual Financial Statement to the Office of the Auditor General by 31 August 2018	None	Timeous Submissions of Annual Financial Statement to the Office of the Auditor General by 31 August 2018	Output	5	Timeous submission of Annual Financial Statement to the Office of the Auditor General	OpEx		Achieved Annual Financial Statement submitted to the Office of the Auditor General	N/A	N/A	Submission register	4S	

# Chapter 3

Municipal Financial Management and Financial Viability											
KPA	Outcome 9	Output 8	Administrative and financial capabilities of municipalities are enhanced								
Functional Area/Development priorities	Strategic Objective	Baseline 2017/2018 Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance
Reason for under/over performance	Remedial Action	POE	Annexure								
Compliance with legislative requirements	To ensure adherence to legislative requirement	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements
Compliance with legislative requirements	To ensure adherence to legislative requirement	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements	Compliance with legislative requirements

1. The first part of the document is a title page. It contains the title "The Role of the State in the Development of the Economy" and the author's name "John Doe".

2. The second part of the document is an abstract. It summarizes the main points of the paper, including the role of the state in the development of the economy.

3. The third part of the document is the introduction. It discusses the importance of the state in the development of the economy and the role of the state in the development of the economy.

4. The fourth part of the document is the main body of the paper. It is divided into several sections, each discussing a different aspect of the role of the state in the development of the economy.

5. The fifth part of the document is the conclusion. It summarizes the main findings of the paper and discusses the implications of the findings.

6. The sixth part of the document is the bibliography. It lists the sources used in the paper.

7. The seventh part of the document is the appendix. It contains additional information related to the paper.

8. The eighth part of the document is the index. It lists the pages on which the topics discussed in the paper are mentioned.

9. The ninth part of the document is the back cover. It contains the title and author's name.

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# Chapter 3

Municipal Financial Management and Financial Viability																
KPA	Output 6		Administrative and financial capabilities of municipalities are enhanced													
Functional Area/ Development priorities	Strategic Objective	Baseline 2016-2017		Annual Performance Target 2017/18	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure		
		Current status	Demand												Backlog	
Effective financial management	To ensure effective financial management	24 Bank reconciliation prepared	36 Bank reconciliations prepared	None	Output	3	Number of bank reconciliations prepared within 20 Days of the following month	OpEx		Achieved 12 Bank reconciliations prepared within 20 Days of the following month	N/A	N/A	Signed Bank reconciliation	4X		
Effective assets management	To ensure effective assets management	2 Annual asset reconciliation prepared between General ledge and the Asset registered	3 Annual asset reconciliation prepared between General ledge and the Asset register	None	Output	3	Number of Asset reconciliation prepared between General ledge and the Asset register	OpEx		Achieved 1 Annual asset reconciliation prepared between General ledge and the Asset register	N/A	N/A	Annual asset register	4Y		
Effective assets management	To ensure effective assets management	2 Assets verification conducted	6 Assets verification conducted	None	Output	5	Number of Assets verification conducted	OpEx		Achieved 2 Assets verification conducted	N/A	N/A	Annual asset register	4Z		

# Chapter 3

Municipal Financial Management and Financial Viability																
IPA	Administrative and financial capabilities of municipalities are enhanced															
Outcome 9 Functional Area/ Development Priorities	Output 6 Strategic Objective	Baseline 2017-2018			Annual Performance Target 2018/19	KPI TYPE	KPI	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure		
		Current Status	Demand	Backlog												
Active billing and collection system to enhance revenue	To ensure effective revenue system	90 % Property rates Billing Statement issued	90 % Property rates Billing Statement issued	None	90 % Property rates Billing Statement issued by 30 June 2019	Output	2	% Property rates Billing Statement issued	OpEx	Achieved 90 % Property rates Billing Statement issued	N/A	N/A	Billing Statement	4AA		
Facilitate provision of free basic services	To ensure access to free basic service	9144 Indigents registered	12 000 New indigents registered	None	4000 Indigents registered by 30 June 2019	Output	3	Number of indigents registered	OpEx	Not Achieved 1887 indigents registered	Service delivery protest and none functionality of the Free Basic Services Task Team	Establish the new FBS TT and the Free Basic Services Unit	Updated Indigent Register and Memo	4BB		
Facilitate provision of free basic services	To ensure access to free basic service	11 548 New Indigents with access to free basic electricity	12 000 New Indigents with access to free basic electricity	None	4000 New Indigents with access to free basic electricity	Output	3	Number of indigents with access to free basic electricity		Achieved – 6629 indigents with access to free basic electricity	Addressing poverty in our community	N/A	Eskom Report	4CC		

### e) Key Performance Area: Good Governance and Public Participation

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# Chapter 3

Good Governance and Public Participation																	
KPA	Administrative and financial capabilities of municipalities are enhanced																
Outcome 9	Output 5	Baseline 2017/2018 Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure		
Functional Area /development priorities	Strategic Objective																
Ensuring submission of PMS Reports and Conducting reviews	To ensure that PMS Reports are submitted and Reviews on time	8 Departmental Quarterly performance reviews	12 Departmental Quarterly Performance Reviews	None	4 Departmental Quarterly Performance Reviews performed per Municipal Department by 30 June 2019	Output	2	Number of Departmental Quarterly Performance Reviews performed per Municipal Department	OpEx		Achieved 4 Departmental Quarterly Performance Reviews performed per Municipal Department	N/A	N/A	Attendance register and Minutes	5C		
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	2015/2016 and 2016/2017 Annual performance report submitted to the Auditor General of South Africa	Submission of 2017/2018, 2018/2019 and 2019/2020 Annual Performance Reports to the Auditor General of South Africa	None	Timeous submission of 2017/2018 Annual Performance Report to the Office of the Auditor General of South Africa	Output	2	Timeous submission of 2017/2018 Annual Performance Report to the Office of the Auditor General of South Africa	OpEx		Achieved 2017/2018 Annual Performance Reports submitted to the Auditor General of South Africa	N/A	N/A	Annual Performance Report and Acknowledgement letter	5D		
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	2015/2016 and 2016/2017 Annual Report tabled	Tabling of 2017/2018, 2018/2019 and 2019/2020, Annual Report	None	Timeous tabling of 2017/2018 Annual Report to council by 31-January 2019	Output	2	Timeous tabling of 2017/2018 Annual Report to council	OpEx		Achieved 2017/2018 Annual Report tabled	N/A	N/A	2017/2018 Annual Report and Council resolution	5E		

# Chapter 3

Good Governance and Public Participation																	
Administrative and financial capabilities of municipalities are enhanced																	
RPA	Outcome 9	Strategic Objective	Output 6	Baseline 2016/2017	Demand	Backlog	Annual Performance Target 2017/18	KPI TYPE	N	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure
	Functional Area/Development priorities			Current status													
	Providing structured and coherent approach in regular assessing and updating of Risk Management	To ensure effective Risk management		8 Risk Register Updates conducted	12 Risk Register Updates conducted per Department	N/A	4 Risk Register Updates conducted per Department by 30 June 2019	Output	2	Number of Risk Register Updates conducted per Department	OpEx		Achieved 4 Risk Register Updates conducted per Department	N/A	N/A	Updated Register	5F
	Development and Review of the Performance Management System	Audit queries attended to within the timeframe		Internal Auditor's Findings responded to	Respond to Internal Auditor's Findings	None	Responses to Internal Auditor's Findings within 30 days after receipt of the report	Output	2	Responses to the Internal Auditor's Findings within 30 days after receipt of the report	OpEx		Achieved Response to the Internal Auditor's Findings within 30 days after receipt of the report	N/A	N/A	Internal Auditor's responses	5G
	Development and Review of the Performance Management in line with Audit findings	To achieve a clean audit opinion		2 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	3 report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	N/A	1 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager by and 30 June 2019	Output	2	Number of reports on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	OpEx		Achieved 1 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	N/A	N/A	PAAP summary report, Report & Acknowledgement register	5H

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# Chapter 3

Good Governance and Public Participation																
NPA	Outcome 9	Output 6	Administrative and financial capabilities of municipalities are enhanced													
Functional Area/ Development priorities	Strategic Objective	Baseline 2017/2018	Demand		Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure
Development and review of the Integrated Development Plan	Execution of IDP Processes	2 IDP Rep Forum meeting convened	3 IDP Rep Forum meetings convene		None	1 IDP Rep Forum meetings convened by 30 June 2019	Output	2	Number IDP Rep Forum Meetings Convened	OpEx		Achieved 1 IDP Rep Forum meetings convened	N/A	N/A	Attendance register and Minutes	5L
Development and review of the Integrated Development Plan	Execution of IDP Processes	2017/2018 and 2018/2019 Draft IDP tabled	Timeous Tabling of the 2019/2020, 2020/2021 and 2021/2022 Draft IDP to Council		None	Timeous tabling of the 2019/2020 Draft IDP to Council by 31 March 2019	Output	2	Timeous tabling of the 2019/2020 Draft IDP to Council	OpEx		Achieved Timeous tabling of the 2019/2020 Draft IDP to Council	N/A	N/A	2019/2020 Draft IDP, Council resolution	5M
Development and review of the Integrated Development Plan	Execution of IDP Processes	2017/2018 and 2018/2019 Final IDP submitted to council for adoption	Timeous submission of the 2019/2020, 2020/2021 and 2021/2022 Final IDP to Council for adoption		None	Timeous submission of the 2019/2020 Final IDP to Council for adoption by 31 May 2019	Output	3	Timeous submission of the 2019/2020 Final IDP to Council for adoption	OpEx		Achieved 2019/2020 Final IDP submitted to Council for adoption	N/A	N/A	2019/2020 Final IDP, Council resolution	5N
Promote Spatial Planning and proper land use	Implementation of Spatial Planning Land Use Management Act	Timeous Implementation of Spatial Planning Land Use Management	Timeous Implementation of Spatial Planning Land Use Management		None	Timeous implementation of Spatial Planning Land Use Management	Output	2	Timeous Implementation of Spatial Planning Land Use Management	OpEx		Not Achieved	Plans to engage Tribal Authority could not be done on time to allow public participation on the draft by-law	Send Invitations timeously and engage the tribal Authority first week of 2019/20 Financial year	Memo	5O

# Chapter 3

Good Governance and Public Participation																
NPA	Outcome 9 Functional Area / Development priorities	Strategic Objective	Administrative and financial capabilities of municipalities are enhanced				KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure
			Baseline 2017/2018 Current status	Demand	Backlog	Annual Performance Target 2018/19										
	Development and review of the Integrated Development Plan	To conduct Mayoral Program & IDP budget Consultation	2 Mayoral outreach Program conducted	3 Mayoral outreach program conducted	None	1 Mayoral IDP & Budget Consultations held by 31 May 2019	Output	3	Number of Mayoral IDP & Budget Consultations held	OpEx	R1 197 425	Achieved 1 Mayoral IDP & Budget Consultation held	N/A	N/A	Attendance Register and Report	5P
	Mayoral Outreach & Human Rights program	Good governance and public participation	4 Mayoral Outreach Programs (Imbizo) conducted	6 Mayoral Outreach Programs (Imbizo) conducted	None	2 Mayoral Outreach Programs (Imbizo) conducted by 31 March 2019	Output	1	Number of Mayoral Outreach Program (Imbizo) conducted	OpEx	R357 040	Achieved – 2 Mayoral Outreach Programs (Imbizo) conducted	N/A	N/A	Attendance Register and Report	5Q
	Development and Review of the Service Delivery and Implementation Plan	Implementation and development of SDBIP	2017/2018 and 2018/2019 PMS Policy framework reviewed	Reviewed 2019/2020 and 2020/2021 PMS Policy Framework	None	Reviewed 2019/2020 PMS policy framework by 30 June 2019	Output	2	Reviewed 2019/2020 PMS policy framework	OpEx		Achieved Reviewed 2019/2020 PMS policy framework	N/A	N/A	2019/2020 PMS Policy Framework and Council resolution	5R
	Development and Review of the Service Delivery and Implementation Plan	Implementation and development of SDBIP	2017/2018 and 2018/2019 Draft SDBIP developed	Developed 2019/2020 and 2020/2021 and 2021/2022 Draft SDBIP	None	Development 2019/2020 Draft SDBIP by 31 March 2019	Output	2	Development of 2019/2020 Draft SDBIP	OpEx		Achieved 2019/2020 Draft SDBIP developed	N/A	N/A	Signed 2019/2020 Draft SDBIP	5S

# Chapter 3

KPA															Good Governance and Public Participation														
Outcome 3															Administrative and financial capabilities of municipalities are enhanced														
Functional Area/ Development priorities	Strategic Objective	Baseline 2017/2018 Current status	Demand 2017/2018	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure														
Development and Review of the Service Delivery and Implementation Plan	Implementati on and development of SDBIP	2017/2018 2018/2019 SDBIP developed	Developed 2019/2020 2020/2021 and 2021/2022 Final SDBIP	None	Development 2019/2020 Final SDBIP by 30 June 2019	Output	3	Development of 2019/2020 Final SDBIP	OpEx		Achieved 2019/2020 Final SDBIP developed	N/A	N/A	Signed 2019/2020 Final SDBIP	5T														
To outline Senior Manager Accountability in order to achieve the organization's vision	To promote accountabilit y for specific organization al goals	18 Performan ce Agreemen ts Signed by Senior Managers	15 Performance Agreements signed by Senior Managers	None	6 Performance Agreements Signed by Senior Managers by 30 June 2018	Output	3	Number of Performance Agreements Signed by Senior Managers	OpEx		Achieved 6 Performance Agreements signed by Senior Managers	Appointments on Acting Capacity for senior Managers	N/A	Performan ce Agreemen ts Signed by Senior Managers	5S														
Development and Review of the Performance Management in line with Audit findings	To achieve a clean audit opinion	2015/2016 and 2016/2017 Audit Action Plan developed	Develop 2017/2018, 2019/2020 and 2020/2021 Audit Action Plan	None	Developed 2017/2018 Audit Action Plan by 31 January 2019	Output	2	Developed 2017/2018 Audit Action Plan	OpEx		Achieved 2017/2018 Audit Action Plan developed	N/A	N/A	Audit Action Plan	5T														

# Chapter 3

Good Governance and Public Participation															
KPA	Administrative and financial capabilities of municipalities are enhanced.														
Outcome/Functional Area/Development priorities	Output 6 Strategic Objective	Baseline 2017-2018			Annual Performance Target 2018/19	KPI TYPE	No	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure
		Current status	Demand	Backlog											
Information Technology	Improve organizational cohesion and effectiveness	Upgraded ICT infrastructure (access to emails & internet)	Upgraded ICT infrastructure (access to emails, internet and cabling)	None	Upgraded ICT Infrastructure (access to emails, internet and cabling) by 30 June 2019	Output	2	Upgraded ICT Infrastructure (access to emails, internet and cabling)	OpEx		Not Achieved - Upgraded ICT Infrastructure (access to emails and internet)	The radio link that serves all the satellite offices was damaged by hailstorms	To request to have an integrated line	Report and Memo	5U
		100% Upgrade of Server Room	100% Upgrade of Server Room	None	100% Upgrade of server room	Output	2	% Upgrade of server room	OpEx		Achieved - 100% Upgrade of server room	N/A	N/A	Invoice and Report	5V
Promote accountability through public participation	To promote Communication between the municipality and its communities	Municipal Website developed	Updated Municipal Website	Updated Municipal Website	Updated Municipal Website 30 June 2019	Output	1	Updated Municipal Website	R350 000		Not Achieved - Updated Municipal Website	Dispute with the ICT contractor	The Municipality has embarked on procuring the new ICT services provider	Memo	5W
Promote accountability through public participation	To promote Communication between the municipality and its communities	1 Municipal newsletter published and distributed	17 Municipal newsletters published and distributed	3 Municipal newsletters published and distributed	3 Municipal newsletters published by 30 June 2019	Output	1	Number of municipal newsletters published	R225 000		Not Achieved - No Municipal newsletters published and distributed	Communication failed to execute the indicator	Seek Municipal Manager's intervention	Memo and Newsletter	5X

# Chapter 3

Good Governance and Public Participation															
KPA	Administrative and financial capabilities of municipalities are enhanced														
Outcome 9 Functional Area/ Development priorities	Output 6 Strategic Objective	Baseline 2017-2018 Current Status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for underperformance	Remedial Action	POE	Annexure
To Provide democratic and accountable government for the community	To encourage public participation	360 Ward committee meeting held	540 Ward committee Meetings	None	180 Ward Committee Meetings coordinated by 30 June 2019	Output	3	Number of Ward Committee meetings coordinated	OpEx		Achieved 180 Ward Committee Meetings coordinated	N/A	N/A	Attendance register and Minutes	5Y
To Provide democratic and accountable Government for Community	To encourage public participation	297 Ward public meetings held	540 Ward Public Meetings	3	180 Ward Public Meetings coordinated by 30 June 2019	Output	3	Number of Ward Public meetings coordinated	OpEx		Not Achieved 70 Ward Public Meetings coordinated	No adherence of the scheduled meetings	Scheduled meetings to be adhered to in the next financial year	Memo, Attendance register and Minutes	5Z
To Provide democratic and accountable Government for Community	To encourage public participation	6 Ward Committee Forum Meetings Held	12 Ward Committee Forum Meetings Held	2	4 Ward committee forum meeting held by 30 June 2019	Output	2	Number of Ward committee forum meeting held	OpEx		Not Achieved- 1 Ward committee forum meeting held	Office of the Speaker failed to timely coordinate the meetings	Seek Municipal Manager's intervention	Memo, Attendance register and Minutes	5AA



# Chapter 3

Good Governance and Public Participation																	
KPA	Administrative and financial capabilities of municipalities are enhanced																
	Outcome 9 Functional Area / Development priorities	Output 6 Strategic Objective	Baseline 2017-2018 Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure	
To an oversight function and promote transparency	Improved level of corporate governance and compliance through efficient and effective standards, practices and systems	2015/2016 and 2016/2017 Oversight report submitted to Council for approval	Submission of 2017/2018 and 2018/2019 and 2019/2020 Oversight Report to Council for approval	None	Timeous submission of 2017/2018 Oversight Report to Council for approval by 31 March 2019	Output	2	Timeous submission of 2017/2018 Oversight Report to Council for approval	OpEx			Achieved 2017/2018 Oversight Report to Council for approval	N/A	N/A	2017/2018 Oversight Report and Council Resolution	5BB	
To an oversight function and promote transparency	Improved level of corporate governance and compliance through efficient and effective standards, practices and systems	New	Timeous submission of the oversight report to Legislature and Auditor General of South Africa within seven (7) days after adoption	None	Timeous submission of the oversight report to Legislature and Auditor General of South Africa within seven (7) days after adoption	Output	1	Timeous submission of the oversight report to Legislature and Auditor General of South Africa within seven (7) days after adoption	OpEx			Achieved, oversight report submitted to Legislature and Auditor General of South Africa within seven (7) days after adoption	N/A	N/A	Acknowledgement Letter	5CC	
To promote customer feedback	Improved level of corporate governance and compliance through efficient and effective standards, practices and systems	New	4 MPAC quarterly reports submitted to Council	None	4 MPAC quarterly reports submitted to Council by 30 June 2019	Output	1	Number of MPAC quarterly reports submitted to Council	OpEx	R48 540		Not Achieved 1 MPAC quarterly reports submitted to Council	MPAC Unit failed to submit the Report to Council	Seek the Municipal Manager's Intervention	Report and Council Resolution	5DD	

# Chapter 3

Good Governance and Public Participation															
Administrative and financial capabilities of municipalities are enhanced															
KPA Outcome 9 Functional Area/ Development priorities	Output 6 Strategic Objective	Baseline 2017/2018			Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure
		Current status	Demand	Backlog											
To promote customer feedback	Improved level of corporate governance and compliance through efficient and effective standards, practices and systems	New	1 Oversight public consultation on the Annual Report held	None	1 Oversight public consultation on the Annual Report held by 31 March 2019	Output	2	Number of Oversight public consultation on the Annual Report held	OpEx	R 40 040 00	Achieved - 1 Oversight public consultation on the Annual Report	N/A	N/A	Attendance Register and Report	5EE
To promote customer feedback	Improved level of corporate governance and compliance through efficient and effective standards, practices and systems	New	Timeous tabling of MPAC 2019/2020 Annual Work Plan	None	Timeous tabling of MPAC 2019/2020 Annual Work Plan by 30 June 2019	Output	1	Timeous tabling of MPAC 2019/2020 Annual Work Plan	OpEx		Not Achieved		The Annual working Plan will be tabled in the next Council sitting	2019/2020 Annual Plan and Council Resolution	5FF
To promote customer feedback	To facilitate effective relationship between the Municipality and the public	100% queries or Complaints registered & attended to	100% Queries or Complaints registered & attended to within 7 working days after the reported incident date	None	100% Queries or Complaints registered & attended to within 7 working days after the reported incident date by 30 June 2017	Output	1	% Queries or Complaints registered & attended to within 7 working days after the reported incident date	OpEx		Achieved 100% Queries or Complaints registered & attended to within 7 working days after the reported incident date	N/A	N/A	Complaints registered and attended queries report	5GG
To promote customer feedback	To facilitate effective relationship between the Municipality and the public	Queries or Complaints responded to within 30 days after the reported incident date	Queries or Complaints responded to within 30 days after the reported incident date	None	100% Queries or Complaints responded to within 30 days after the reported incident date	Output	1	% Queries or Complaints responded to within 30 days after the reported incident date	OpEx		Achieved 100% Queries or Complaints responded to within 30 days after the reported incident date	N/A	N/A	Complaints registered and attended queries report	5HH

# Chapter 3

Good Governance and Public Participation:																	
Administrative and financial capabilities of municipalities are enhanced																	
KPA	Outcome 9:	Output 5:	Strategic Objective	Current status	Demand	Backlog	Annual Performance Target 2018/19	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure
Functional Area/ Development Priorities																	
Advocacy for the rights of the elderly, children and persons with disability		To support people with disabilities	7 Disability Program supported	12 Disability Program Supported per plan	1	4 Disability Programs Supported per plan by 30 June 2019	Output	2	Number of Disability Program Supported per plan	R185 000	R149 428	Achieved 5 Disability Programs Supported per plan	Responding to the needs of the community	N/A	Report, attendance register and Invoice	5II	
Advocacy for the rights of the elderly, children and persons with disability		To support the elderly within the community	4 Conduct Awareness Campaigns for advocacy of elderly rights	12 Conduct Awareness Campaigns for advocacy of elderly rights	None	4 Awareness Campaigns for advocacy of elderly rights Program held by 30 June 2019	Output	2	Number of Awareness Campaigns for advocacy of elderly rights	R212 000	R712 745	Achieved 4 Awareness Campaigns for advocacy of elderly rights Program held	N/A	N/A	Report and attendance register	5JJ	
Advocacy for the rights of the elderly, children and persons with disability		Advocate for the rights of children	7 child development /rights Programs supported per plan	12 child development /rights Programs supported per plan	1	4 Child development / program rights supported per plan by 30 June 2019	Output	2	Number of Child development / program rights supported per plan	R212 000	R393 430	Achieved 8 Child development / program rights supported per plan	Responding to the needs of the community	N/A	Report, attendance register and Invoice	5KK	
To promote youth development		To harness the potential of young people to enable them to play a meaningful role in society	11 Youth development programs supported	12 Youth development programs supports	None	4 Youth development Programs supported per plan by 30 June 2019	Output	2	Number of Youth Development Programs supported per plan	R500 000	R1 078 891	Achieved 8 Youth development Programs supported per plan	Responding to the needs of the community	N/A	Report, attendance register and Invoice	5LL	

# Chapter 3

Good Governance and Public Participation																
KPA	Outcome 9	Output 6	Administrative and financial capabilities of municipalities are enhanced													
Functional Area / Development priorities	Strategic Objective	Baseline 2017-2018	Current status	Demand	Backlog	Annual Performance Target	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annexure
Training	To improve organizational cohesion and effectiveness	120 bursaries allocated to qualifying community members	180 bursaries allocated to qualifying community members	None	None	60 bursaries allocated to qualifying community members by 31 March 2019	Output	4	Number of bursaries allocated to qualifying community members	R2 000 000	R140 000	Achieved -76 bursaries allocated to qualifying community members	N/A	N/A	Bursary Report and beneficiary letters Proof of Payment	5MM
Training	To improve organizational cohesion and effectiveness	2 Grade 12 top achievers award ceremony held	3 Grade 12 top achievers award ceremony	None	None	1 Grade 12 Top Achievers award ceremony held by 31 January 2019	Output	2	Number of Grade 12 Top Achievers award ceremony held	R465 000	R463 536	Achieved 1 Grade 12 Top Achievers award ceremony held	N/A	N/A	Report, attendance register and Invoice	5NN
To promote youth development	To harness the potential of young people to enable them to play a meaningful role in society	None	100 Girl Child taken to practical work Environment	40 Girl Child taken to practical work Environment	20 Girl Child taken to practical work Environment by 30 June 2019	Output	2	Number of Girl Child taken to practical work environment	OpEX	R87 430	Achieved Girl Child taken to practical work environment not conducted	N/A	N/A	N/A	Report attendance register and Invoice	500
To develop and promote Community Based Organizations	To Support Different Organizations within the Community	18 NGOs, FBOs and CBOs Program Supported	24 of NGOs, FBOs and CBOs Program Supported per plan	None	8 CBO Programs supported per plan by 30 June 2019	Output	2	Number of CBO Programs Supported per plan	R225 000	R661 464	Achieved 8 CBO Programs supported per plan	N/A	N/A	N/A	Report, attendance register and Invoice	5PP

# Chapter 3

Good Governance and Public Participation																
KPA	Administrative and financial capabilities of municipalities are enhanced															
Outcome 9	Output 6	Baseline 2017-2018	Annual Performance Target 2018/19			KPI Type	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for underperformance	Remedial Action	IPOE	Annexure	
Functional Area / Development priorities	Strategic Objective	Current status	Demand	Backlog												
To Develop and Promote Community based organization	To mobilize communities against social impacts of HIV/Aids	4 HIV/AIDS Program Awareness supported per plan	12 HIV/AIDS Program supports	1	4 HIV/AIDS Program Awareness supported per plan by 30 June 2019	Output	2	Number of HIV/AIDS Awareness Program supported per plan	R220 000	R231 210	Not Achieved 3 HIV/AIDS Program Awareness supported per plan	HIV Workshop disturbed by Protests	To be addressed in the next financial year	Memo, Report, attendance register and Invoice	5QQ	
To develop and promote Community Based Organizations	Support moral regeneration program	7 Reconciliation, Healing and Renewal Program Implemented per plan	12 Moral Regeneration Program supports	None	4 Moral Regeneration Programs Supported per plan by 30 June 2019	Output	2	Number of Moral Regeneration Programs Supported per plan	R300 000	R686 450	Achieved 4 Moral Regeneration Programs Supported per plan	N/A	N/A	Report, attendance register and Invoice	5RR	
Promote woman development	Support Woman Programs	8 Women Program supported	12 Support Women Program	None	4 Woman Program supported per plan by 30 June 2019	Output	2	Number of Woman Program supported per plan	R285 000	R150 100	Not Achieved 2 Woman Program supported per plan	Women Program planned to take place failed due to the protests	The target to be achieved in the next financial year	Memo, Report, attendance register and Invoice	5SS	
Making a difference in various villages	Support to Community Malsama	8 Community Initiated Malsama supported	12 Community Initiated Malsama supports	None	4 Community initiated Malsama supported per plan by 30 June 2019	Output	2	Number of Community initiated Malsama supported per plan	R605 000	R443 505	Not Achieved 3 Community initiated Malsama supported per plan	Equitable share with held by National Treasury	To engage the Dpt Of National Treasury to release the funds	Memo, Report, attendance register and Invoice	5TT	
To promote healthy environment	To ensure Eco-friendly environment	3 of Greening programs implemented per implementation Greening Plan	12 of Greening programs implemented per implementation Greening Plan	1	4 Greening programs implemented per implementation plan by 30 June 2019	Output	2	Number of Greening programs implemented per implementation plan	OpEx	R614 029	Achieved 4 Greening programs implemented per implementation on plan	N/A	N/A	Report and Attendance Register	5UU	

# Chapter 4

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### INTRODUCTION

The Human Resources Services provide the bedrock for support of the broad workforce and is vital to the achievements of objectives set by an organisation. A municipal need to develop firm controls and policy framework to ensure that support, supervision, guiding and control role of management over and for the workforce is firm and geared towards the achievement of set objectives

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The total employees per each Municipal Directorate have been illustrated on chapter 3.

The table below illustrates vacancies versus approved posts and vacant posts that were addressed effectively by the Municipality

Description	Employees				
	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	1	1	1	0	0
Waste Water (Sanitation)	1	1	1	1	0.5%
Electricity	4	4	4	0	0
Waste Management	0	0	0	0	0
Housing	0	0	0	0	0
Waste Water (Stormwater Drainage)	0	0	0	0	0
Roads	0	0	0	1	0
Transport	0	0	0	0	0
Planning	0	0	0	0	0
Local Economic Development	4	4	4	0	0
Planning (Strategic & Regulatory)	3	5	2	3	60
Local Economic Development	0	0	0	0	0
Community & Social Services	8	9	9	0	0
Environmental Protection	0	0	0	0	0
Health	0	0	0	0	0
Security and Safety	0	0	0	0	0
Sport and Recreation	0	0	0	0	0

# Chapter 4

Corporate Policy Offices and Other	65	65	65	2	0
<b>Totals</b>	<b>94</b>	<b>87</b>	<b>87</b>	<b>3</b>	<b>0</b>

Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	4	2	50%
Other S57 Managers (Finance posts)	1	0	50%
Police officers	0	0	0.00
Fire fighters	0	0	0.00
Senior management: Levels 16 (excluding Finance Posts)	10	0	0.00
Senior management: Levels 13-15 (Finance posts)	2	0	0.00
Highly skilled supervision: (excluding Finance posts)	70	0	0.00
Highly skilled supervision: (Finance posts)	7	0	0.00
<b>Total</b>	<b>95</b>	<b>3</b>	<b>50.00</b>

# Chapter 4

Details	Turn-over Rate		
	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -1	0	0	0%
Year 0	0	0	0%

## COMMENT ON VACANCIES AND TURNOVER:

The Municipality could only fill 3 Section 57 post during year 0, the reason(s) for not filling all the posts is due to unable to attract suitable candidates.

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### 4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Employees Bursary	100%	100%	31 January 2018
2	Community Bursary	100%	100%	31 January 2018
3	Recruitment, Selection and Appointments	100%	100%	31 January 2018
4	ICT	100%	100%	31 January 2018
5	Fleet Management	100%	100%	31 January 2018
6	Smoking	100%	100%	31 January 2018
7	HIV/AIDS	100%	100%	31 January 2018
8	Occupational Health and Safety	100%	100%	31 January 2018
9	Leave and Overtime	100%	100%	31 January 2018
10	Record Management	100%	100%	31 January 2018

## COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The above HR policies were 100% reviewed during 2018-19 financial year.



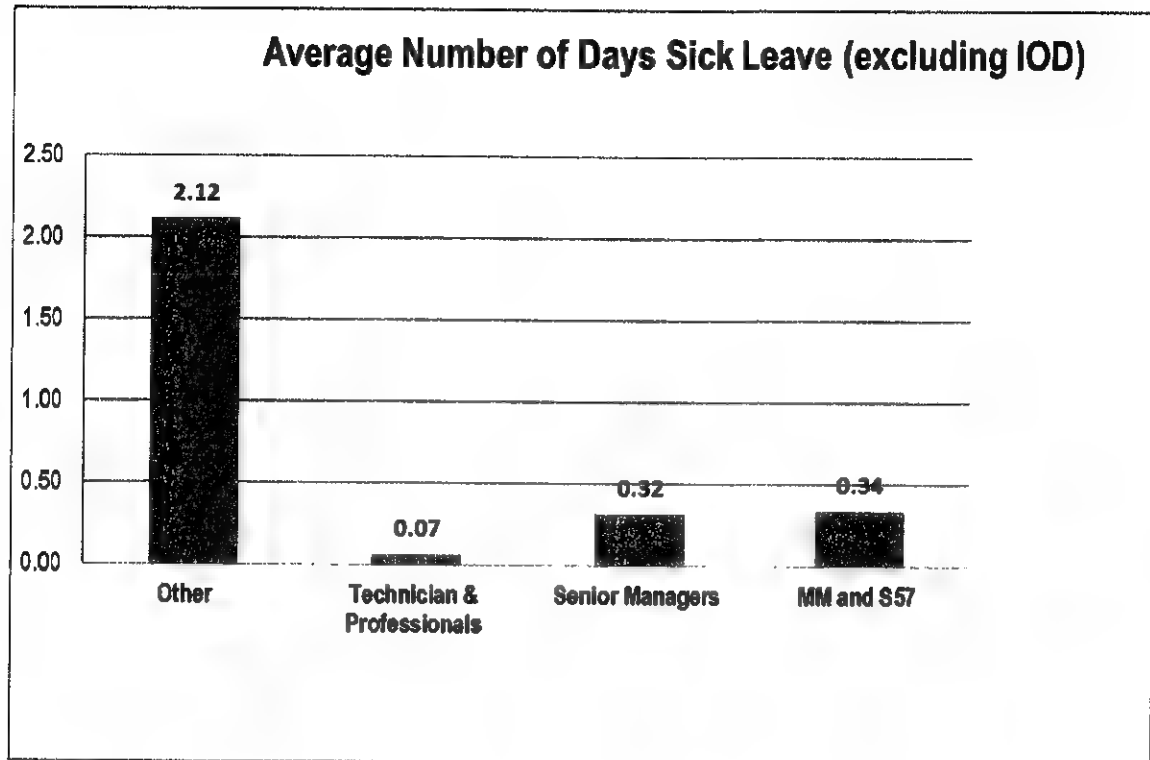
# Chapter 4

## 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0		0	0
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0		0	0
Fatal	0	0		0	0
Total	0	0	0%	0	0

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Other	38	0	16	73	1.10	0
Technician & Professionals	6	0	2	6	0.16	0
Managers	8	0	2	4	0.10	0
MM and S57	3	0	2	4	0.02	0
Total	123	0%	21	87	1.38	0

# Chapter 4



## COMMENT ON INJURY AND SICK LEAVE:

The municipality has established Health and safety committee to deal with all risks or health hazards in the work place.

## NUMBER AND PERIOD OF SUSPENSIONS:

No suspensions\_during the 2018/2019 financial Year

## Disciplinary Action Taken on Cases of Financial Misconduct

Position	Nature of Alleged Misconduct and Rand value of any loss to the Municipality	Disciplinary action taken	Date Finalised
During Year 0 there were no Financial Misconduct			

# Chapter 4

## 4.4 PERFORMANCE REWARDS

### COMMENT ON PERFORMANCE REWARDS:

No performance rewards were made to employees in 2018/2019.

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Municipality is providing Bursaries to all Employees as a capacity development intervention, and further through Works skills Development Programme that seeks to provide short courses and skills development.

## 4.5 SKILLS MATRIX

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and 557	Female	2	1	0	0	0	0	0	0	0	0	1	0	0
	Male	2	2	0	0	0	0	0	0	0	0	2	0	0
Councilors senior officials and manager	Female	14	0	0	0	0	0	0	1	1	1	1	1	1
	Male	25	0	0	0	0	0	0	0	0	3	0	0	3
Technician and professional	Female	0	0	0	0	0	0	0	0	0	0	0	0	2
	Male	4	0	0	0	0	0	0	1	1	1	1	1	1
others	Female	42	5	1	1	2	2	4	0	0	0	7	0	0
	Male	48	0	0	0	0	0	4	21	21	21	21	21	21
	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub total	Female	57	2	2	2	3	1	2		20	20	6	5	5
	Male	81	2	2	2	2	2	2	5	24	24	3	26	26
Total		138	12	4	4	5	3	4	9	44	44	7	31	31

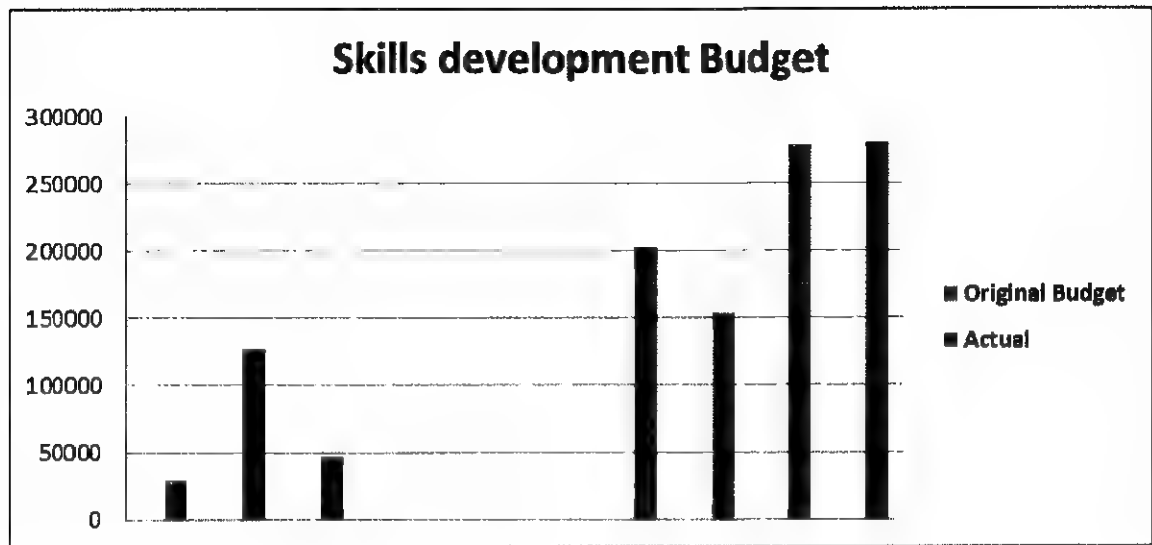
# Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Accounting officer	1	0	1	0	1	1
Chief financial officer	1	0	1	0	1	1
Senior managers	2	0	0	0	0	2
Any other financial officials	7	0	7	0	7	7
Heads of supply chain management units	1	0	1	0	1	1
Supply chain management senior managers	1	0	1	1	1	1
<b>TOTAL</b>	<b>13</b>	<b>0</b>	<b>11</b>	<b>1</b>	<b>11</b>	<b>13</b>

# Chapter 4

Skills Development Expenditure										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female				700 000		600 000		600 000	
	Male									
Legislators, senior officials and managers	Female					49 500		7 951		57 451
	Male					57 095				57 095
Professionals	Female									
	Male									
Technicians and associate professionals	Female									
	Male					6 599				
Other	Female					249 400		24 606		24 6040
	Male					328 072		20 000		20 000
Sub total	Female					298 900, 16		32 557		82 057
	Male					391 766, 60		20 000		57 115
Total		0	700000		700000	690 666	0	52 557	600 00	139 172
% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R

# Chapter 4



# Chapter 4

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE

#### INTRODUCTION TO THE WORKFORCE EXPENDITURE

The municipality has put aside R 700 000 to train its employees and also budgeted R 600 000 to provide employees with bursaries in order for the municipality to comply with MFMA competency regulation.

#### NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED

None

#### EMPLOYEES WHOSE SALRIES LEVELS EXCCEEDD THE GRADE DETERMINED BY JOB EVALUATION

None

#### EMPLOYEES APPOINTED TO POSTS NOT APPROVED

None

#### COMMENT ON THE UPGRADED POSTS AND THOSE THAT ARE AT VARIENCE WITH NORMAL PRACTICE

None

#### DISCLOSURES OF FINANCIAL INTERESTS

Declaration of Interest was circulated to all employees of the municipality and CIPRO search performed. No related party transaction occurred between the Municipality and its Key Management.

# Chapter 5

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Refer to the below 2018/2019 audited Financial Statements





**Financial statements  
for the year ended June 30, 2019**  
Auditor General South Africa (AGSA)

**KAGISANO-MOLOPO LOCAL MUNICIPALITY  
(REGISTRATION NUMBER NW397)  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

**GENERAL INFORMATION**

---

<b>LEGAL FORM OF ENTITY</b>	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
<b>NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES</b>	Kagisano-Molopo Local Municipality mandate is: <ul style="list-style-type: none"> <li>- to provide democratic and accountable government for local communities;</li> <li>- to ensure the provision of services to communities in a sustainable manner;</li> <li>- to promote social and economic development;</li> <li>- to promote a safe and healthy environment;</li> <li>- to encourage the involvement of communities and community organisations in the matters of local government</li> </ul>
<b>LEGISLATION GOVERNING THE MUNICIPALITY'S OPERATIONS</b>	Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Structures Act (Act 117 of 1998) Constitution of the Republic of south Africa (Act 108 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)
<b>MAYORAL COMMITTEE</b>	
Executive committee members	SV Mere (Mayor) SR Modise (Speaker) TM Lenkopane (Member) JK Botha (Member) LE Gaobepe-Boemo (Member) GK Nthebotsenyane (Member)
Councillors	BR Bareng MM Diphikwe KI Gabe TZ Baakanyang JM Grobbelaar BE Gender GF Selebogo PP Moeng TM Lenner TC Loabile KS Moreki BB Makwati TE Matsietso KN Sekopecwe NJD Muller TM Olatsewe MM Seeletso OM Serame TJ Thetswe MJ Moreki SO Lekgari KE Lenkopane (Resigned) KG Ogaseng

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**KAGISANO-MOLOPO LOCAL MUNICIPALITY  
(REGISTRATION NUMBER NW397)  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019  
GENERAL INFORMATION**

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GRADING OF LOCAL AUTHORITY

Grade 2

**KAGISANO-MOLOPO LOCAL MUNICIPALITY  
(REGISTRATION NUMBER NW397)  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

**GENERAL INFORMATION**

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<b>CHIEF FINANCE OFFICER (CFO)</b>	R Ferris (Acting)
<b>ACCOUNTING OFFICER</b>	OT Bojosinyane
<b>REGISTERED OFFICE</b>	Municipal Offices next to Ganeyesa Clinic Chief Block - Tlhakagameng Road Ganyesa 8613
<b>BUSINESS ADDRESS</b>	Municipal Offices next to Ganeyesa Clinic Chief Block Section Ganyesa 8613
<b>POSTAL ADDRESS</b>	Private Bax X522 Ganyesa 8613
<b>BANKERS</b>	ABSA
<b>AUDITORS</b>	Auditor General South Africa (AGSA)

**KAGISANO-MOLOPO LOCAL MUNICIPALITY  
(REGISTRATION NUMBER NW397)  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

**INDEX**

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The reports and statements set out below comprise the financial statements presented to the provincial legislature:

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Statement of Financial Performance	138
Statement of Changes in Net Assets	139
Cash Flow Statement	140
Statement of Comparison of Budget and Actual Amounts	141 - 142
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Notes to the Financial Statements	172 - 208

<b>COLD</b>	<b>Compensation for Occupational Injuries and Diseases</b>
<b>GRAP</b>	<b>Generally Recognised Accounting Practice</b>
<b>IAS</b>	<b>International Accounting Standards</b>
<b>IPSAS</b>	<b>International Public Sector Accounting Standards</b>
<b>MFMA</b>	<b>Municipal Finance Management Act</b>
<b>MIG</b>	<b>Municipal Infrastructure Grant (Previously CMIP)</b>

**KAGISANO-MOLOPO LOCAL MUNICIPALITY**  
**(REGISTRATION NUMBER NW397)**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**  
**ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL**

---

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.


The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2020 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The financial statements set out on pages 6 to 79, which have been prepared on the going concern basis, were approved by the accounting officer on August 30, 2019 and were signed on its behalf by:

  
OT Bojosiinyane  
Accounting Officer

**KAGISANO-MOLOPO LOCAL MUNICIPALITY  
(REGISTRATION NUMBER NW397)  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019  
ACCOUNTING OFFICER'S REPORT**

---

The accounting officer submits his report for the year ended June 30, 2019.

**1. INCORPORATION**

The municipality was incorporated on 12 December 2011 and obtained its certificate to commence business on the same day.

**2. REVIEW OF ACTIVITIES**

**MAIN BUSINESS AND OPERATIONS**

Net deficit of the municipality was R 8,561,880 (2018: deficit R 15,882,996), after taxation of R - (2018: R -)

**3. GOING CONCERN**

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**4. ACCOUNTING POLICIES**

The financial statements were prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

**5. ACCOUNTING OFFICER**

The accounting officer of the municipality during the year and to the date of this report is as follows:

<b>Name</b>	<b>Nationality</b>
OT Bojosinyane	South - African

**6. CORPORATE GOVERNANCE**

**GENERAL**

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discusses the responsibilities of management in this respect, at Board meetings and monitor the municipality's compliance with the code on a regular basis.

**COUNCIL MEETINGS**

The accounting officer has met on several occasions with the council during the financial year. The accounting officer schedules to meet at least four times per annum.

**7. AUDITORS**

The Auditor General South Africa will continue in office for the next financial period.

**KAGISANO-MOLOPO LOCAL MUNICIPALITY**  
**(REGISTRATION NUMBER NW397)**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**  
**STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019**

	Note(s)	2019 R	2018 Restated* R
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	6&9	193,446	120,619
Receivables from non-exchange transactions	7&9	18,881,109	11,082,281
VAT receivable	8	8,831,614	3,911,722
Cash and cash equivalents	10	38,515,046	38,607,327
		<b>66,421,215</b>	<b>53,721,949</b>
<b>Non-Current Assets</b>			
Investment property	3	43,260,729	52,527,729
Property, plant and equipment	4	477,024,788	474,929,454
Intangible assets	5	542,878	688,896
		<b>520,828,395</b>	<b>528,126,079</b>
<b>Total Assets</b>		<b>587,249,610</b>	<b>581,848,028</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	11	108,268	1,228,240
Payables from exchange transactions	14	45,829,646	17,661,773
Unspent conditional grants and receipts	12	1,851,670	15,213,023
Provisions	13	20,073,135	19,613,419
		<b>67,862,719</b>	<b>53,716,455</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	11	-	108,268
Provisions	13	1,191,843	1,113,078
		<b>1,191,843</b>	<b>1,221,346</b>
<b>Total Liabilities</b>		<b>69,054,562</b>	<b>54,937,801</b>
<b>Net Assets</b>		<b>518,195,048</b>	<b>526,910,227</b>
Accumulated surplus		518,195,048	526,910,227

\* See Note 39 & 38



**KAGISANO-MOLOPO LOCAL MUNICIPALITY**  
**(REGISTRATION NUMBER NW397)**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**  
**STATEMENT OF FINANCIAL PERFORMANCE**

		2019	2018
	Note(s)	R	Restated <sup>a</sup> R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rental of facilities and equipment	16	1,125,781	1,288,355
Interest received (trading)		966,357	697,087
Other income	17	458,796	817,149
Interest received - investment	18	3,074,147	3,203,131
<b>Total revenue from exchange transactions</b>		<b>5,625,081</b>	<b>6,005,722</b>
<b>Revenue from non-exchange transactions</b>			
<b>TAXATION REVENUE</b>			
Property rates	19	27,049,540	19,052,119
<b>TRANSFER REVENUE</b>			
Government grants and subsidies	21	162,308,757	139,080,673
<b>Total revenue from non-exchange transactions</b>		<b>189,358,297</b>	<b>158,132,792</b>
<b>Total revenue</b>	15	<b>194,983,378</b>	<b>164,138,514</b>
<b>Expenditure</b>			
Employee related costs	23	(33,507,086)	(30,064,187)
Remuneration of councillors	24	(11,355,084)	(10,881,509)
Depreciation and amortisation	25	(25,443,991)	(25,078,186)
Impairment loss/ Reversal of impairments	26	(3,755,721)	-
Finance costs	27	(292,290)	(269,051)
Debt Impairment	28	(5,672,147)	(5,162,853)
Repairs and maintenance	47	(2,224,163)	(2,742,867)
Contracted services	29	(34,087,057)	(43,985,880)
Transfers and subsidies	20	(2,182,297)	(2,318,960)
General expenses	30	(57,714,191)	(61,497,866)
<b>Total expenditure</b>		<b>(176,234,027)</b>	<b>(182,001,359)</b>
<b>Operating surplus (deficit)</b>		<b>18,749,351</b>	<b>(17,862,845)</b>
Loss on disposal of assets and liabilities		(18,044,231)	(216,125)
Fair value adjustments	31	(9,267,000)	2,195,974
		<b>(27,311,231)</b>	<b>1,979,849</b>
<b>Deficit for the year</b>		<b>(8,561,880)</b>	<b>(15,882,996)</b>

<sup>a</sup> See Note 39 & 38

**KAGISANO-MOLOPO LOCAL MUNICIPALITY  
(REGISTRATION NUMBER NW397)  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

**STATEMENT OF CHANGES IN NET ASSETS**

	<b>Accumulated surplus R</b>	<b>Total net assets R</b>
Opening balance as previously reported	505,438,913	505,438,913
Adjustments		
Prior year adjustments	37,354,310	37,354,310
<b>Balance at July 1, 2017 as restated*</b>	<b>542,793,223</b>	<b>542,793,223</b>
Changes in net assets		
Surplus for the year	(15,882,996)	(15,882,996)
<b>Total changes</b>	<b>(15,882,996)</b>	<b>(15,882,996)</b>
Opening balance as previously reported	526,910,230	526,910,230
Adjustments		
Prior year adjustments	(153,302)	(153,302)
<b>Restated* Balance at July 1, 2018 as restated*</b>	<b>526,756,928</b>	<b>526,756,928</b>
Changes in net assets		
Surplus for the year	(8,561,880)	(8,561,880)
<b>Total changes</b>	<b>(8,561,880)</b>	<b>(8,561,880)</b>
<b>Balance at June 30, 2019</b>	<b>518,195,048</b>	<b>518,195,048</b>

Note(s)

\* See Note 39 & 38

**KAGISANO-MOLOPO LOCAL MUNICIPALITY**  
**(REGISTRATION NUMBER NW397)**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**  
**CASH FLOW STATEMENT**

		2018	2018
	Note(s)	R	Restated*
			R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property rates		27,049,540	19,052,119
Rental of properties		2,478,107	1,348,035
Grants		141,148,576	157,389,072
Interest income		3,074,147	3,203,131
		<b>173,750,370</b>	<b>180,992,357</b>
<b>Payments</b>			
Employee costs		(44,862,170)	(40,945,696)
Suppliers		(72,421,242)	(106,047,271)
Finance costs		(209,816)	(64,791)
Lease payments		(82,474)	(204,260)
		<b>(117,575,702)</b>	<b>(147,262,018)</b>
<b>Net cash flows from operating activities</b>	<b>33</b>	<b>56,174,668</b>	<b>33,730,339</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	4	(27,198,858)	(20,648,855)
Proceeds from sale of property, plant and equipment	4	-	5,470,054
Purchase of other intangible assets	5	(45,431)	(374,816)
Other cash item: work in progress on assets		(27,711,946)	(11,936,323)
<b>Net cash flows from investing activities</b>		<b>(54,956,235)</b>	<b>(27,489,940)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance lease payments		(1,310,714)	(6,798,752)
Finance lease receipts		-	-
<b>Net cash flows from financing activities</b>		<b>(1,310,714)</b>	<b>(6,798,752)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(92,281)</b>	<b>(558,353)</b>
Cash and cash equivalents at the beginning of the year		38,607,327	39,165,680
<b>Cash and cash equivalents at the end of the year</b>	<b>10</b>	<b>38,515,046</b>	<b>38,607,327</b>

\* See Note 39 & 38

**KAGISANO-MOLOPO LOCAL MUNICIPALITY**  
**(REGISTRATION NUMBER NW397)**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>						
<b>REVENUE</b>						
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>						
Rental of facilities and equipment	1,600,000	-	1,600,000	1,125,781	(474,219)	48 A
Interest received (trading)	-	-	-	966,357	966,357	48 B
Other income	185,000	-	185,000	458,796	273,796	48 C
Interest received - investment	1,550,000	-	1,550,000	3,074,147	1,524,147	48 D
<b>Total revenue from exchange transactions</b>	<b>3,335,000</b>	<b>-</b>	<b>3,335,000</b>	<b>5,625,081</b>	<b>2,290,081</b>	
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>						
<b>TAXATION REVENUE</b>						
Property rates	17,618,000	10,190,000	27,808,000	27,049,540	(758,460)	48 E
<b>TRANSFER REVENUE</b>						
Government grants and subsidies	123,580,000	-	123,580,000	162,308,757	38,728,757	48 F
Transfers recognised - capital	29,521,000	-	29,521,000	34,759,809	5,238,809	48 G
<b>Total revenue from non-exchange transactions</b>	<b>170,719,000</b>	<b>10,190,000</b>	<b>180,909,000</b>	<b>224,118,106</b>	<b>43,209,106</b>	
<b>Total revenue</b>	<b>174,054,000</b>	<b>10,190,000</b>	<b>184,244,000</b>	<b>229,743,187</b>	<b>45,499,187</b>	
<b>EXPENDITURE</b>						
Personnel	(34,396,000)	-	(34,396,000)	(33,507,086)	888,914	48 H
Remuneration of councillors	(11,782,000)	-	(11,782,000)	(11,355,084)	426,916	48 I
Depreciation and amortisation	(27,390,000)	-	(27,390,000)	(25,443,991)	1,946,009	48 J
Assets written / Reversal of assets written off	-	-	-	(3,755,721)	(3,755,721)	48 K
Finance costs	(250,000)	-	(250,000)	(292,290)	(42,290)	48 L
Debt impairment	(1,300,000)	-	(1,300,000)	(5,672,147)	(4,372,147)	48 M
Repairs and maintenance	(8,080,000)	-	(8,080,000)	(2,224,163)	5,855,837	48 N
Contracted services	(32,097,000)	(537,000)	(32,634,000)	(34,087,057)	(1,453,057)	48 O
Transfers and subsidies	-	-	-	(2,182,297)	(2,182,297)	48 P
General expenses	(63,794,000)	(6,343,000)	(70,137,000)	(57,714,191)	12,422,809	48 Q
<b>Total expenditure</b>	<b>(179,089,000)</b>	<b>(6,880,000)</b>	<b>(185,969,000)</b>	<b>(176,234,027)</b>	<b>9,734,973</b>	
<b>Operating surplus</b>	<b>(5,035,000)</b>	<b>3,310,000</b>	<b>(1,725,000)</b>	<b>53,509,160</b>	<b>55,234,160</b>	
Loss on disposal of assets and liabilities	-	-	-	(18,044,231)	(18,044,231)	48 R
Fair value adjustments	-	-	-	(9,267,000)	(9,267,000)	48 S
	-	-	-	(27,311,231)	(27,311,231)	
<b>Surplus before taxation</b>	<b>(5,035,000)</b>	<b>3,310,000</b>	<b>(1,725,000)</b>	<b>26,197,929</b>	<b>27,922,929</b>	

**KAGISANO-MOLOPO LOCAL MUNICIPALITY**  
**(REGISTRATION NUMBER NW397)**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

**Budget on Cash Basis**

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(5,035,000)	3,310,000	(1,725,000)	26,197,929	27,922,929	

**STATEMENT OF FINANCIAL POSITION**

**ASSETS**

**CURRENT ASSETS**

Receivables from non-exchange transactions	650,000	-	650,000	18,881,109	18,231,109	48 T
VAT receivable	-	-	-	8,831,614	8,831,614	48 U
Cash and cash equivalents	15,000,000	-	15,000,000	38,515,046	23,515,046	48 V
	15,650,000	-	15,650,000	66,227,769	50,577,769	

**NON-CURRENT ASSETS**

Investment property	-	-	-	43,260,729	43,260,729	48 W
Property, plant and equipment	970,284,000	-	970,284,000	477,024,788	(493,259,212)	48 X
Intangible assets	-	-	-	542,878	542,878	
	970,284,000	-	970,284,000	520,828,395	(449,455,605)	
<b>Total Assets</b>	<b>985,934,000</b>	<b>-</b>	<b>985,934,000</b>	<b>587,056,164</b>	<b>(398,877,836)</b>	

**LIABILITIES**

**CURRENT LIABILITIES**

Finance lease obligation	-	-	-	108,268	108,268	
Payables from exchange transactions	3,936,000	-	3,936,000	45,829,645	41,893,645	48 Y
Unspent conditional grants and receipts	-	-	-	1,851,670	1,851,670	48 Z
Provisions	21,585,000	-	21,585,000	20,073,135	(1,511,865)	48 AA
	25,521,000	-	25,521,000	67,862,718	42,341,718	

**NON-CURRENT LIABILITIES**

Provisions	-	-	-	1,191,843	1,191,843	48 AB
<b>Total Liabilities</b>	<b>25,521,000</b>	<b>-</b>	<b>25,521,000</b>	<b>69,054,561</b>	<b>43,533,561</b>	
<b>Net Assets</b>	<b>960,413,000</b>	<b>-</b>	<b>960,413,000</b>	<b>518,001,603</b>	<b>(442,411,397)</b>	

**NET ASSETS**

**NET ASSETS ATTRIBUTABLE  
TO OWNERS OF  
CONTROLLING ENTITY**

**RESERVES**

Correction of errors	-	-	-	(193,445)	(193,445)	
Accumulated surplus	960,413,000	-	960,413,000	518,195,047	(442,217,953)	48 AC
Undefined Difference	-	-	-	1	1	
<b>Total Net Assets</b>	<b>960,413,000</b>	<b>-</b>	<b>960,413,000</b>	<b>518,001,602</b>	<b>(442,411,398)</b>	

**KAGISANO-MOLOPO LOCAL MUNICIPALITY  
(REGISTRATION NUMBER NW397)  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

**Appropriation Statement**

	Original budget		Budget adjustments (i.t.o. s28 and s31 of the MFMA)		Final adjustments and budget		Shifting of funds (i.t.o. s31 of the MFMA)		Virement (i.t.o. council approved policy)		Final budget		Actual outcome		Unauthorised expenditure		Variance		Actual outcome as % of final budget		Actual outcome as % of original budget	
	R		R		R		R		R		R		R		R		R		R		R	
2019																						
Financial Performance																						
Property rates	17,618,000		10,190,000		27,808,000		-		-		27,808,000		27,049,540				(758,460)		97 %		154 %	
Investment revenue	1,550,000		-		1,550,000		-		-		1,550,000		3,074,147				1,524,147		198 %		198 %	
Transfers recognised - operational	123,580,000		-		123,580,000		-		-		123,580,000		114,944,832				(8,635,168)		93 %		93 %	
Other own revenue	1,785,000		-		1,785,000		-		-		1,785,000		2,550,934				765,934		143 %		143 %	
Total revenue (excluding capital transfers and contributions)	144,533,000		10,190,000		154,723,000		-		-		154,723,000		147,619,453				(7,103,547)		95 %		102 %	
Employee costs	(34,396,000)		-		(34,396,000)		-		-		(34,396,000)		(33,507,086)				888,914		97 %		57 %	
Remuneration of councillors	(11,782,000)		-		(11,782,000)		-		-		(11,782,000)		(11,355,084)				426,916		56 %		56 %	
Debt impairment	(1,300,000)		-		(1,300,000)		-		-		(1,300,000)		(5,672,147)				(4,372,147)		436 %		436 %	
Depreciation and asset impairment	(27,390,000)		-		(27,390,000)		-		-		(27,390,000)		(29,199,712)				(1,809,712)		107 %		107 %	
Finance charges	(250,000)		-		(250,000)		-		-		(250,000)		(292,290)				(42,290)		117 %		117 %	
Repairs and maintenance	(8,080,000)		-		(8,080,000)		-		-		(8,080,000)		-				8,080,000		- %		- %	
Contracted services	(32,097,000)		(537,000)		(32,634,000)		-		-		(32,634,000)		(2,182,297)				30,451,703		7 %		7 %	
Other expenditure	(63,794,000)		(6,343,000)		(70,137,000)		-		-		(70,137,000)		(121,336,542)				(51,199,542)		173 %		190 %	

**KAGISANO-MOLOPO LOCAL MUNICIPALITY**  
**(REGISTRATION NUMBER NW397)**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

**Appropriation Statement**

	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments (i.t.o. council approved policy)	Shifting of funds (i.t.o. s31 of the MFMA)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R
<b>Total expenditure</b>	<b>(179,089,000)</b>	<b>(6,880,000)</b>	<b>(185,969,000)</b>	-	<b>(185,969,000)</b>	<b>(203,545,258)</b>	-	<b>(17,576,258)</b>	<b>109 %</b>	<b>114 %</b>
<b>Surplus/(Deficit)</b>	<b>(34,556,000)</b>	<b>3,310,000</b>	<b>(31,246,000)</b>	-	<b>(31,246,000)</b>	<b>(55,925,805)</b>		<b>(24,679,805)</b>	<b>179 %</b>	<b>162 %</b>
Transfers recognised - capital	29,521,000	-	29,521,000	-	29,521,000	47,363,925		17,842,925	160 %	160 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>(5,035,000)</b>	<b>3,310,000</b>	<b>(1,725,000)</b>	-	<b>(1,725,000)</b>	<b>(8,561,880)</b>		<b>(6,836,880)</b>	<b>496 %</b>	<b>170 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>(5,035,000)</b>	<b>3,310,000</b>	<b>(1,725,000)</b>	-	<b>(1,725,000)</b>	<b>(8,561,880)</b>		<b>(6,836,880)</b>	<b>496 %</b>	<b>170 %</b>
<b>Capital expenditure and funds sources</b>										
<b>Total capital expenditure</b>	<b>57,150,000</b>	<b>2,000,000</b>	<b>59,150,000</b>	-	<b>59,150,000</b>	<b>(49,210,472)</b>		<b>(108,360,472)</b>	<b>(83) %</b>	<b>(86) %</b>
<b>Sources of capital funds</b>	<b>29,521,000</b>	<b>-</b>	<b>29,521,000</b>	-	<b>29,521,000</b>	<b>(48,210,472)</b>		<b>(77,731,472)</b>	<b>(163) %</b>	<b>(163) %</b>
Transfers recognised - capital	27,629,000	2,000,000	29,629,000	-	29,629,000	(1,002,837)		(30,631,837)	(3) %	(4) %
<b>Total sources of capital funds</b>	<b>57,150,000</b>	<b>2,000,000</b>	<b>59,150,000</b>	-	<b>59,150,000</b>	<b>(49,213,309)</b>		<b>(108,363,309)</b>	<b>(83) %</b>	<b>(86) %</b>

**KAGISANO-MOLOPO LOCAL MUNICIPALITY**  
**(REGISTRATION NUMBER NW397)**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

**Appropriation Statement**

	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments (i.t.o. council approved policy)	Shifting of funds (i.t.o. s31 of the MFMA)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R
<b>Cash flows</b>										
Net cash from (used) operating	58,710,000	(14,162,000)	44,548,000	-	44,548,000	56,174,668		11,626,668	126 %	96 %
Net cash from (used) investing	(58,010,000)	8,899,000	(49,111,000)	-	(49,111,000)	(54,956,235)		(5,845,235)	112 %	95 %
Net cash from (used) financing	-	-	-	-	-	(1,310,714)		(1,310,714)	DIV/0 %	DIV/0 %
<b>Net increase/(decrea se) in cash and cash equivalents</b>	<b>700,000</b>	<b>(5,263,000)</b>	<b>(4,563,000)</b>	<b>-</b>	<b>(4,563,000)</b>	<b>(92,281)</b>		<b>4,470,719</b>	<b>2 %</b>	<b>(13) %</b>
Cash and cash equivalents at the beginning of the year	18,000,000	-	18,000,000	-	18,000,000	38,607,327		20,607,327	214 %	214 %
<b>Cash and cash equivalents at year end</b>	<b>18,700,000</b>	<b>(5,263,000)</b>	<b>13,437,000</b>	<b>-</b>	<b>13,437,000</b>	<b>38,515,046</b>		<b>(25,078,046)</b>	<b>287 %</b>	<b>206 %</b>



**KAGISANO-MOLOPO LOCAL MUNICIPALITY  
(REGISTRATION NUMBER NW397)  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019  
ACCOUNTING POLICIES**

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**1. Presentation of Financial Statements**

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

**1.1 PRESENTATION CURRENCY**

These financial statements are presented in South African Rand, which is the functional currency of the municipality.

**1.2 GOING CONCERN ASSUMPTION**

These financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

**1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

**Trade receivables / Held to maturity investments and/or loans and receivables**

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

**Fair value estimation**

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

**Impairment testing**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

**KAGISANO-MOLOPO LOCAL MUNICIPALITY  
(REGISTRATION NUMBER NW397)  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019  
ACCOUNTING POLICIES**

---

**1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)**

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

**Useful lives of Infrastructure, community and other assets**

The municipality's management determines the estimated useful lives and related depreciation charges for these assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

**Post retirement benefits**

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

**Effective interest rate**

The municipality used the prime interest rate to discount future cash flows.

**Allowance for doubtful debts**

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

**1.4 INVESTMENT PROPERTY**

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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**1.4 INVESTMENT PROPERTY (continued)**

**Fair value**

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model. The residual value of the investment property is then assumed to be zero. The entity applies the cost model until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the financial statements (see note 3).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

**1.5 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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**1.5 PROPERTY, PLANT AND EQUIPMENT (continued)**

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	30
Machinery and equipment	Straight line	5-10
Furniture and fixtures	Straight line	7
Motor vehicles	Straight line	7
Office equipment	Straight line	7
Emergency equipment	Straight line	7
Community	Straight line	30
Other property, plant and equipment	Straight line	5-10
Other community assets	Straight line	15-30
Roads network	Straight line	10-70
Electricity network	Straight line	45
Stormwater network	Straight line	30-40
Landfill site Perimeter Protection and Structures	Straight line	10-55

Land is not depreciated.

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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**1.5 PROPERTY, PLANT AND EQUIPMENT (continued)**

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 4).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

**1.6 SITE RESTORATION AND DISMANTLING COST**

The municipality has an obligation to dismantle, remove and restore the dumping site used by local residents. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of dismantling the dumping site used by local residents includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

**1.7 INTANGIBLE ASSETS**

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

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**1.7 INTANGIBLE ASSETS (continued)**

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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Item	Amortisation method	Average useful life
Computer software	Straight line	5

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Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

**1.8 FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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**1.8 FINANCIAL INSTRUMENTS (continued)**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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**1.8 FINANCIAL INSTRUMENTS (continued)**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading.

A financial instrument is held for trading if:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

**Classification**

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligations	Financial liability measured at amortised cost



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**1.8 FINANCIAL INSTRUMENTS (continued)**

**Initial recognition**

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

**Initial measurement of financial assets and financial liabilities**

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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**1.8 FINANCIAL INSTRUMENTS (continued)**

**Subsequent measurement of financial assets and financial liabilities**

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

**Fair value measurement considerations**

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

**Gains and losses**

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

**Impairment and uncollectibility of financial assets**

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

**Financial assets measured at amortised cost:**

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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**1.8 FINANCIAL INSTRUMENTS (continued)**

**Derecognition**

**Financial assets**

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

**Financial liabilities**

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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**1.8 FINANCIAL INSTRUMENTS (continued)**

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

**Presentation**

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax (where applicable) relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

**1.9 TAX**

**Value added taxation (VAT)**

The municipality accounts for the value added taxation on the accrual basis.

**1.10 LEASES**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

**Finance leases - lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the 10.5%.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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**1.10 LEASES (continued)**

**Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

**Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

**1.11 IMPAIRMENT OF CASH-GENERATING ASSETS**

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

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**1.11 IMPAIRMENT OF CASH-GENERATING ASSETS (continued)**

**Identification**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

**Value in use**

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

**Basis for estimates of future cash flows**

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

**Composition of estimates of future cash flows**

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

**Discount rate**

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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**1.11 IMPAIRMENT OF CASH-GENERATING ASSETS (continued)**

**Recognition and measurement (Individual asset)**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

**Cash-generating units**

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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**1.11 IMPAIRMENT OF CASH-GENERATING ASSETS (continued)**

**Reversal of impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

**Redesignation**

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

**1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS**

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.



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**1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS (continued)**

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

**Identification**

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

**Value in use**

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

**Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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**1.12 IMPAIRMENT OF NON-CASH-GENERATING ASSETS (continued)**

**Reversal of an impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

**Redesignation**

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

**1.13 EMPLOYEE BENEFITS**

**Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

**Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

**Long service awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued at each reporting date by an independent qualified actuary and the corresponding liability is raised.

Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

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**1.14 PROVISIONS AND CONTINGENCIES**

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 3436.

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**1.14 PROVISIONS AND CONTINGENCIES (continued)**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

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**1.14 PROVISIONS AND CONTINGENCIES (continued)**

**Decommissioning, restoration and similar liability**

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.11 and 1.12.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

**1.15 COMMITMENTS**

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

**1.16 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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**1.16 REVENUE FROM EXCHANGE TRANSACTIONS (continued)**

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

**Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

**Interest, royalties and dividends**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest received is recognised, in surplus or deficit, using the effective interest rate method on bank balances, short term deposits and accounts receivables.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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**1.17 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

**Recognition**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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**1.17 REVENUE FROM NON-EXCHANGE TRANSACTIONS (continued)**

**Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

**Taxes**

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

**Transfers**

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

**1.18 INVESTMENT INCOME**

Investment income is recognised on a time-proportion basis using the effective interest method.

**1.19 FINANCE COSTS**

Finance costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Finance costs are recognised as an expense in the period in which they are incurred.

**1.20 COMPARATIVE FIGURES**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

**1.21 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and



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**1.21 UNAUTHORISED EXPENDITURE (continued)**

- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

**1.22 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

**1.23 IRREGULAR EXPENDITURE**

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.24 BUDGET INFORMATION**

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2018 to 6/30/2019.

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

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**1.25 RELATED PARTIES**

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

**1.26 EVENTS AFTER REPORTING DATE**

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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	2019 R	2018 R
<b>2. NEW STANDARDS AND INTERPRETATIONS</b>		
<b>2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR</b>		
In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:		
<b>GRAP 21 (as amended 2016): Impairment of non-cash-generating assets</b>		
Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.		
The most significant changes to the Standard are:		
<ul style="list-style-type: none"> <li>• IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.</li> </ul>		
The effective date of the amendment is for years beginning on or after April 1, 2018.		
The municipality has adopted the amendment for the first time in the 2019 financial statements.		
The impact of the amendment is not material.		
<b>GRAP 26 (as amended 2016): Impairment of cash-generating assets</b>		
Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.		
The most significant changes to the Standard are:		
<ul style="list-style-type: none"> <li>• IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.</li> </ul>		
The effective date of the amendment is for years beginning on or after April 1, 2018.		
The municipality has adopted the amendment for the first time in the 2019 financial statements.		
The impact of the amendment is not material.		
<b>GRAP 31 (as amended 2016): Intangible Assets</b>		
Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015.		
The most significant changes to the Standard are:		
<ul style="list-style-type: none"> <li>• General improvements: To add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets</li> <li>• IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and To clarify acceptable methods of depreciating assets</li> </ul>		
The effective date of the amendment is for years beginning on or after April 1, 2018.		
The municipality has adopted the amendment for the first time in the 2019 financial statements.		

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**2. NEW STANDARDS AND INTERPRETATIONS (continued)**

The impact of the amendment is not material.

**2.2 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE**

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2019 or later periods:

**IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land**

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after April 1, 2019.

The municipality expects to adopt the interpretation for the first time in the 2019 financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

**GRAP 20: Related parties**

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

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**2. NEW STANDARDS AND INTERPRETATIONS (continued)**

- A person or a close member of that person's family is related to the reporting entity if that person.
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

**GRAP 108: Statutory Receivables**

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

**IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset**

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**2. NEW STANDARDS AND INTERPRETATIONS (continued)**

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

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<b>3. INVESTMENT PROPERTY</b>		

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	2019	2018
	R	R
<b>3. INVESTMENT PROPERTY (continued)</b>		



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**4. PROPERTY, PLANT AND EQUIPMENT**

	2019			2018		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	838,456	-	838,456	838,456	-	838,456
Buildings	62,888,158	(18,890,086)	43,998,072	62,888,158	(17,476,181)	45,411,977
Finance lease assets	7,291,949	(7,291,949)	-	7,291,949	(4,861,293)	2,430,656
Infrastructure	296,308,594	(97,604,894)	198,703,700	295,108,585	(91,566,045)	203,542,540
Community	262,058,288	(44,266,110)	217,792,178	233,296,488	(35,409,922)	197,886,566
Other property, plant and equipment	30,423,428	(14,731,046)	15,692,382	39,235,638	(14,416,379)	24,819,259
<b>Total</b>	<b>659,808,873</b>	<b>(182,784,085)</b>	<b>477,024,788</b>	<b>638,659,274</b>	<b>(163,729,820)</b>	<b>474,929,454</b>

**Reconciliation of property, plant and equipment - 2019**

	Opening balance	Additions	Disposals	Work in progress	Depreciation	Impairment loss	Total
Land	838,456	-	-	-	-	-	838,456
Buildings	45,411,977	-	-	-	(1,413,905)	-	43,998,072
Finance lease assets	2,430,656	-	-	-	(2,430,656)	-	-
Infrastructure	203,542,540	-	(12,517,889)	19,448,600	(11,304,134)	(465,617)	198,703,700
Community	197,886,566	26,241,452	-	2,520,348	(6,854,785)	(2,001,403)	217,792,178
Other property, plant and equipment	24,819,259	957,408	(5,526,542)	-	(3,269,060)	(1,288,681)	15,692,382
	<b>474,929,454</b>	<b>27,198,858</b>	<b>(18,044,231)</b>	<b>21,968,948</b>	<b>(25,272,540)</b>	<b>(3,755,701)</b>	<b>477,024,788</b>

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**4. PROPERTY, PLANT AND EQUIPMENT (continued)**

Reconciliation of property, plant and equipment - 2018 restated

	Restated opening balance	Additions	Disposals	Work in Progress	Depreciation	Total
Land	838,456	-	-	-	-	838,456
Buildings	52,460,112	-	(5,408,120)	-	(1,640,015)	45,411,977
Finance lease assets	4,861,305	-	-	-	(2,430,649)	2,430,656
Infrastructure	205,363,908	-	-	9,484,604	(11,305,972)	203,542,540
Community	188,051,390	13,733,605	(28,656)	2,704,737	(6,574,510)	197,886,566
Other property, plant and equipment	21,076,610	6,915,250	(249,403)	-	(2,923,198)	24,819,259
	<b>472,651,781</b>	<b>20,648,855</b>	<b>(5,686,179)</b>	<b>12,189,341</b>	<b>(24,874,344)</b>	<b>474,929,454</b>

**Pledged as security**

Property, plant and equipment has not been pledged as security or collateral.

**Assets subject to finance lease (Net carrying amount)**

Finance lease assets	-	2,430,656
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**Details of properties**

A register containing details of property plant and equipment of the municipality is available for inspection at the municipality's registered office.

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	2019 R	2018 R	
<b>4. PROPERTY, PLANT AND EQUIPMENT (continued)</b>			
<b>Property, plant and equipment in the process of being constructed or developed</b>			
<b>Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected</b>			
High mast lights	55,483,471	43,301,097	
The delays in completion of high mast lights in various regions of the municipality are due to delays in Eskom connectivity delays, and community protests where community would halt project demanding more high mast lights than initially budgeted for			
Roads	3,843,360	1,077,134	
The delays in completion of roads project are due to the late receipt of the Municipal infrastructure grant awarded for the construction of the roads			
	<b>59,326,831</b>	<b>44,378,231</b>	
<b>Reconciliation of Work-in-Progress 2019</b>			
	<b>Included within Infrastructure</b>	<b>Included within Community</b>	<b>Total</b>
Opening balance	44,378,231	22,908,649	67,286,880
Additions/capital expenditure	19,448,600	28,861,196	48,309,796
Transferred to completed items	-	(26,241,452)	(26,241,452)
	<b>63,826,831</b>	<b>25,528,393</b>	<b>89,355,224</b>
<b>Reconciliation of Work-in-Progress 2018</b>			
	<b>Included within Infrastructure</b>	<b>Included within Community</b>	<b>Total</b>
Opening balance	34,893,627	20,203,912	55,097,539
Additions/capital expenditure	9,484,604	16,438,341	25,922,945
Transferred to completed items	-	(13,733,604)	(13,733,604)
	<b>44,378,231</b>	<b>22,908,649</b>	<b>67,286,880</b>
<b>Expenditure incurred to repair and maintain property, plant and equipment</b>			
<b>Expenditure incurred to repair and maintain property, plant and equipment Included in Statement of Financial Performance</b>			
Land and buildings		765,105	1,151,452
Infrastructure assets (roads, water and electrical)		387,534	515,372
Other assets (machinery, equipment and transport assets)		1,071,524	1,076,042
		<b>2,224,163</b>	<b>2,742,866</b>

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	2019 R	2018 R
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**5. INTANGIBLE ASSETS**

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	945,700	(402,822)	542,878	900,269	(231,373)	668,896

**Reconciliation of intangible assets - 2019**

	Opening balance	Additions	Depreciation	Impairment loss	Total
Computer software	668,896	45,431	(170,490)	(959)	542,878

**Reconciliation of intangible assets - 2018**

	Opening balance	Additions	Amortisation	Total
Computer software	438,984	374,816	(144,904)	668,896

**Pledged as security**

No intangible assets were pledged as security.

**6. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Rental debtors	193,446	120,619
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**Trade and other receivables past due but not impaired**

Trade and other receivables which are less than 3 months past due are not considered to be impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	43,648	1,926
2 months past due	13,047	2,432
3 months past due	63,484	8,540
More than 3 months	73,268	107,721

**Trade and other receivables impaired**

As of June 30, 2019, trade and other receivables of R 5,210,537 (2018: R 3,669,434) were impaired and provided for.

The amount of the provision was R (5,210,537) as of June 30, 2019 (2018: R (3,669,434)).

The ageing of these receivables is as follows:

Over 6 months	5,210,537	3,669,434
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	2019 R	2018 R
<b>6. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)</b>		
<b>Reconciliation of provision for impairment of trade and other receivables</b>		
Opening balance	3,669,434	2,497,590
Provision for impairment	1,541,102	1,171,844
	<b>5,210,536</b>	<b>3,669,434</b>

**7. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Other receivables from non-exchange	6,700,008	6,136,860
Other receivables from non-exchange revenue - Prepayments	490,000	356,250
Consumer debtors - Rates	11,691,101	4,589,171
	<b>18,881,109</b>	<b>11,082,281</b>

**Receivables from non-exchange transactions pledged as security**

None of these financial assets were pledged as collateral for liabilities or contingent liabilities.

**Credit quality of receivables from non-exchange transactions**

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

**Receivables from non-exchange transactions past due but not impaired**

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	-	-
2 months past due	-	-
3 months past due	11,691,101	4,589,171

**Receivables from non-exchange transactions impaired**

As of June 30, 2019, other receivables from non-exchange transactions of R 22,636,427 (2018: R 18,505,383) were impaired and provided for.

The amount of the contribution was R 4,131,044 as of June 30, 2019 (2018: R 3,991,009).

The ageing of these receivables is as follows:

Over 6 months	22,636,427	18,505,383
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**Reconciliation of provision for impairment of receivables from non-exchange transactions**

Opening balance	18,505,383	14,514,374
Provision for impairment	4,131,044	3,991,009
	<b>22,636,427</b>	<b>18,505,383</b>

The maximum exposure to credit risk at the reporting date is the fair value of each class of property rates above. The municipality does not hold any collateral as security.

None of these financial assets were pledged as collateral for liabilities or contingent liabilities.

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<b>8. VAT RECEIVABLE</b>		
VAT	8,831,614	3,911,722
Current tax receivable relates to a Value Added Tax Credit to be paid out by SARS. Kagisano-Molopo Local Municipality is registered as a VAT Vendor on the invoice basis. Included in the amounts disclosed on the face of the Statement of Financial Position may be amounts that relates to adjustments from SARS for which no transaction breakdown was received to indicate the nature and type of the disallowments relating to transactions. These amounts are recorded as reconciling items until reasons for the disallowment can be investigated.		
<b>9. CONSUMER DEBTORS DISCLOSURE</b>		
<b>Gross balances</b>		
Consumer debtors - Rates	34,327,528	23,094,554
Rental receivables	5,403,983	3,790,053
	<b>39,731,511</b>	<b>26,884,607</b>
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(22,636,427)	(18,505,383)
Consumer debtors - Other	(5,210,537)	(3,669,434)
	<b>(27,846,964)</b>	<b>(22,174,817)</b>
<b>Net balance</b>		
Consumer debtors - Rates	11,691,101	4,589,171
Consumer debtors - Property rentals	193,446	120,619
	<b>11,884,547</b>	<b>4,709,790</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Property rates	11,691,101	4,589,171
Property rentals	193,446	120,619
	<b>11,884,547</b>	<b>4,709,790</b>
<b>Net balance</b>	<b>11,884,547</b>	<b>4,709,790</b>
<b>Property rates</b>		
91 - 120 days	11,691,101	4,589,171
<b>Rental debtors</b>		
Current (0 -30 days)	43,648	1,926
31 - 60 days	13,047	2,432
61 - 90 days	63,484	8,540
91 - 120 days	73,267	107,721
	<b>193,446</b>	<b>120,619</b>

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	2019 R	2018 R
<b>9. CONSUMER DEBTORS DISCLOSURE (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Farms and small holdings</b>		
91+ days	20,867,089	17,333,762
	20,867,089	17,333,762
Less: Allowance for impairment	(20,867,089)	(17,313,616)
	-	20,148
<b>Rental, commercial and residential</b>		
Current (0 -30 days)	194,924	137,832
31 - 60 days	78,384	73,098
61 - 90 days	203,425	137,421
91+ days	6,595,912	4,709,971
	7,072,645	5,058,322
Less: Allowance for impairment	(6,879,156)	(4,861,201)
	193,489	197,121
<b>State owned properties</b>		
91+ days	11,691,101	3,988,568
	11,691,101	3,988,568
Less: Allowance for impairment	-	-
	11,691,101	3,988,568
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(22,174,817)	(17,011,964)
Contributions to allowance	(5,672,146)	(5,162,853)
	(27,846,963)	(22,174,817)

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	2019 R	2018 R
<b>10. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of:		
Bank balances	20,527,537	5,834,290
Short-term deposits	17,987,509	32,773,037
	<b>38,515,046</b>	<b>38,607,327</b>

**Credit quality of cash at bank and short term deposits, excluding cash on hand**

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

**Credit rating**

ABSA Bank Limited (Moody's short term deposit not on watch)	P3	P3
First Rand Bank (Moody's short term deposit not on watch)	P3	P3
Standard Bank Limited (Moody's short term deposit not on watch)	P3	P3

**Cash and cash equivalents pledged as collateral**

There are no financial assets pledged as collateral.

**The municipality had the following bank accounts**

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2019	June 30, 2018	June 30, 2017
ABSA Bank - Primary Bank Account Acc no: 407801332	20,527,537	5,834,290	12,200,734	20,527,537	5,834,290	12,200,734
FNB Bank - Short-term Deposits Acc no.: 62360911202	15,203,526	30,154,056	24,502,833	15,203,526	30,154,056	24,502,833
FNB Bank - Short-term Deposits Acc no.: 62371561062	2,782,470	2,617,468	2,460,626	2,782,406	2,617,468	2,460,626
Standard Bank - Short-term Deposits Acc no.: 62371561062	1,487	1,487	1,487	1,487	1,487	1,487
<b>Total</b>	<b>38,515,020</b>	<b>38,607,301</b>	<b>39,165,680</b>	<b>38,514,956</b>	<b>38,607,301</b>	<b>39,165,680</b>



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	2019 R	2018 R
<b>11. FINANCE LEASE OBLIGATION</b>		
<b>Minimum lease payments due</b>		
- within one year	109,215	1,310,580
- in second to fifth year inclusive	-	109,215
- later than five years	-	-
	109,215	1,419,795
less: future finance charges	(947)	(83,287)
<b>Present value of minimum lease payments</b>	<b>108,268</b>	<b>1,336,508</b>
<b>Present value of minimum lease payments due</b>		
- within one year	108,268	1,228,240
- in second to fifth year inclusive	-	108,268
- later than five years	-	-
	108,268	1,336,508
<b>Non-current liabilities</b>	-	108,268
<b>Current liabilities</b>	108,268	1,228,240
	108,268	1,336,508

**Anaka Group:** The municipality entered into a lease agreement on 1 May 2016. The first instalment was due on 1 July 2016 and the final instalment will be made on 1 July 2019. A deposit amounting to R3 931 740 was paid on this lease. Interest is charged at 10,5% per annum

**Defaults and breaches**

**Kwane Capital (2017):** The municipality entered into a lease agreement on 27 June 2016. The first instalment was due on 31 August 2016 and the final instalment will be made on 28 July 2019. A deposit amounting to R5 426 934 was paid on this lease. Interest is charged at 10,5% per annum. The municipality was served with a court order regarding the lease entered into. The leased assets were returned and the municipality is in the process of claiming the deposit paid back from the lessor.

**12. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

**Unspent conditional grants and receipts comprises of:**

<b>Unspent conditional grants and receipts</b>		
Financial Management Grant	721,270	250,688
Department of Sports, Arts and Culture Library Grant	900,199	899,898
Municipal Infrastructure Grant	230,201	14,062,437
	<b>1,851,670</b>	<b>15,213,023</b>

See note 21 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

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				2019 R	2018 R
<b>13. PROVISIONS</b>					
<b>Reconciliation of provisions - 2019</b>					
	<b>Opening Balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Total</b>	
Environmental rehabilitation	19,578,477	348,561	-	19,927,038	
Long Service Award liability	1,148,020	317,100	(127,180)	1,337,940	
	<b>20,726,497</b>	<b>665,661</b>	<b>(127,180)</b>	<b>21,264,978</b>	
<b>Reconciliation of provisions - 2018</b>					
	<b>Opening Balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Change in discount factor</b>	<b>Total</b>
Environmental rehabilitation	19,519,107	59,370	-	-	19,578,477
Long Service Award liability	1,030,016	188,843	(113,367)	42,528	1,148,020
	<b>20,549,123</b>	<b>248,213</b>	<b>(113,367)</b>	<b>42,528</b>	<b>20,726,497</b>
<b>Non-current liabilities</b>				1,191,843	1,113,078
<b>Current liabilities</b>				20,073,135	19,613,419
				<b>21,264,978</b>	<b>20,726,497</b>

**Environmental rehabilitation provision**

**Key Assumptions**

The timing for the possible outflow of resources for the maintenance and rehabilitation of the illegal dumping site could not be determined at the date of the financial statements.

The following key assumptions were made to arrive at the amount disclosed as a possible future obligation:

- The cost estimate is based on 25% Preliminary and General (P&G) and a 10% contingency of the construction amount for unforeseen items.
- Included in the amount is a part time Civil Engineer as a site supervisor, a part time Occupational Health and Safety Officer and an Environment Control Officer to ensure that the site is closed in a safe manner and in terms of the OHS Act, the license and the Environmental Management Program.
- The rates used to determine the construction amount (cost) are based on current or recent contracts undertaken in similar circumstances in the local area.

Based on the key assumptions an estimated amount was calculated. The estimated value will need to be escalated by the local CPI for the number of years after the base date of 30 June 2019 when the construction project is actually undertaken.

This value will need to be escalated using the CPIX for the area to the year of final rehabilitation, if that is what takes place in approximately 2 years from now when the site is actually full and the new site has been constructed and approved for waste disposal practices.

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	2019 R	2018 R
<b>13. PROVISIONS (continued)</b>		
<b>Long Service Award Liability</b>		
<b>Key Assumptions</b>		
Financial assumptions: It is difficult to estimate future investment returns and salary inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP19 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled.		
Discount Rate: The discount rate required by GRAP19 should be set with reference to a high quality corporate bond. In countries where there is no deep market in such bonds, the market yield on government bonds should be used. A greater emphasis is placed on the duration of the liabilities when determining the discount rate as per the revised GRAP 19 requirements. With this in mind, we have set the discount rate by using the "best fit" discount rate at 30 June 2019 which we have based on the yields from the zero coupon government bond curve. The best fit has been determined taking into account the cash-flow weighted duration of the liabilities, which is approximately 8 years. The recommended discount rate of 9.18% for the 2017-18 financial year decreases by 0.55% to 8.63% in the 2018-19 financial year.		
General Salary Increase: This assumption is more stable relative to the growth in Consumer Price Inflation (CPI) than in absolute terms. The implied inflation is 5.32% per annum for future inflation. Future salaries are expected to increase in line with inflation. We assume that salary inflation will exceed general inflation by 1.0% per annum, i.e. 6.32% per annum. It has been assumed that the next salary increase will take place in 1 July 2019		
Average Retirement Age: The Municipality has a normal retirement age of 65. It has been assumed that all in-service members will retire at age 63, which makes an allowance for expected rates of early and ill-health retirement.		
<b>14. PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade payables	14,352,503	7,954,826
Retentions	8,122,179	2,938,808
Other creditors	18,787,003	2,719,096
Accrued leave pay	3,833,660	3,427,617
Accrued bonus	734,301	621,426
	<b>45,829,646</b>	<b>17,661,773</b>
<b>15. REVENUE</b>		
Rental of facilities and equipment	1,125,781	1,288,355
Interest received (trading)	966,357	697,087
Other income	458,796	817,149
Interest received - investment	3,074,147	3,203,131
Property rates	27,049,540	19,052,119
Government grants & subsidies	162,308,757	139,080,673
	<b>194,983,378</b>	<b>164,138,514</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Rental of facilities and equipment	1,125,781	1,288,355
Interest received (trading)	966,357	697,087
Other income	458,796	817,149
Interest received - investment	3,074,147	3,203,131
	<b>5,625,081</b>	<b>6,005,722</b>

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<b>15. REVENUE (continued)</b>		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	27,049,540	19,052,119
Transfer revenue		
Government grants & subsidies	162,308,757	139,080,673
	<b>189,358,297</b>	<b>158,132,792</b>
<b>16. RENTAL OF FACILITIES AND EQUIPMENT</b>		
Facilities and equipment		
Rental of facilities	1,125,781	1,288,355
<b>17. OTHER INCOME</b>		
Sundry income	108,767	113,964
Tender documents	125,633	91,480
Insurance claim received	224,396	611,705
	<b>458,796</b>	<b>817,149</b>
<b>18. INVESTMENT REVENUE</b>		
Interest revenue		
Bank	1,859,399	1,394,579
Interest received - call accounts	1,214,748	1,808,552
	<b>3,074,147</b>	<b>3,203,131</b>

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<b>19. PROPERTY RATES</b>		
<b>Rates received</b>		
Residential	126,444	126,444
Commercial	388,836	414,036
State	88,444,377	35,765,126
Small holdings and farms	6,482,118	6,438,704
Less: Income forgone	(68,392,235)	(23,692,191)
	<b>27,049,540</b>	<b>19,052,119</b>
<b>Valuations</b>		
Residential	21,074,000	21,074,000
Commercial	32,403,010	34,503,010
State	3,122,998,100	894,128,100
Small holdings and farms	4,380,021,500	4,291,551,500
	<b>7,556,496,610</b>	<b>5,241,256,610</b>
<p>Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2014. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations.</p> <p>Rate tariffs are applied to properties as per property classification/category to determine assessment rates. Rebates of 85% are granted to farm property owners. Rates are levied on an annual basis on property owners.</p> <p>Rates are levied on an annual basis with the final date of payment being the end of each financial year. Rates will be subject to a discount of 5% if paid on or before 30 September of each year.</p>		
<b>20. GRANTS AND SUBSIDIES PAID</b>		
<b>Other subsidies</b>		
SMME Development	46,790	167,908
Goat Breeding Project	1,986,458	1,057,933
Heritage programmes	-	671,037
Disaster Management	149,049	422,082
	<b>2,182,297</b>	<b>2,318,960</b>
<b>21. GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Operating grants</b>		
Equitable share	109,062,000	103,799,000
Financial Management Grant	2,424,730	2,825,312
Expanded Public Works Programme Grant	2,639,000	3,225,000
Local Government Seta Grant	86,403	167,552
Department of Sports, Arts and Culture Library Grant	732,699	587,247
	<b>114,944,832</b>	<b>110,604,111</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	42,363,925	28,476,562
Department of Small Business Development Grant	5,000,000	-
	<b>47,363,925</b>	<b>28,476,562</b>
	<b>162,308,757</b>	<b>139,080,673</b>

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<b>21. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	53,246,757	35,281,673
Unconditional grants received	109,062,000	103,799,000
	<b>162,308,757</b>	<b>139,080,673</b>
<b>Equitable Share</b>		
The grant is used to fund the operations of the municipality in accordance with the approved MTREF budget.		
<b>Financial Management Grant</b>		
Balance unspent at beginning of year	250,688	-
Current-year receipts	3,146,000	3,076,000
Conditions met - transferred to revenue	(2,424,730)	(2,825,312)
Repayments of unspent grant	(250,688)	-
	<b>721,270</b>	<b>250,688</b>
Conditions still to be met - remain liabilities (see note 12).		
The grant is mainly used for supporting reforms in financial management by building capacity in the municipality to implement the MFMA and progressive financial reporting.		
<b>Expanded Public Works Programme Grant</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	2,639,000	3,225,000
Conditions met - transferred to revenue	(2,639,000)	(3,225,000)
	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 12).		
The grant was used by municipality to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme Guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roads; other economic and social infrastructure; tourism and cultural industries; and sustainable land based livelihoods.		
<b>Local Government Seta</b>		
Current-year receipts	86,403	167,552
Conditions met - transferred to revenue	(86,403)	(167,552)
	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 12).		
This grant is used for skills development within the Kagisano Molopo Local Municipality.		

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<b>21. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>Department of Sports, Arts and Culture Library Grant</b>		
Balance unspent at beginning of year	899,898	787,145
Current-year receipts	733,000	700,000
Conditions met - transferred to revenue	(732,699)	(587,247)
	<b>900,199</b>	<b>899,898</b>
Conditions still to be met - remain liabilities (see note 12).		
This grant is mainly used in assisting the municipality with services offered at public libraries. The services covers capacitating the municipality with human capital and computer hardware/software.		
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	14,062,437	-
Current-year receipts	29,521,000	42,539,000
Conditions met - transferred to revenue	(42,363,925)	(28,476,563)
Repayments of unspent grant	(989,311)	-
	<b>230,201</b>	<b>14,062,437</b>
Conditions still to be met - remain liabilities (see note 12).		
The grant was utilised to fund infrastructure related projects (mainly as part of the service delivery). Capitalised projects funded by this grant are included in property, plant and equipment whilst the unspent portion of the grant is included as current liabilities.		
<b>Department of Small Business Development grant (SMME)</b>		
Current-year receipts	5,000,000	-
Conditions met - transferred to revenue	(5,000,000)	-
	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 12).		
The grant was received from Department of Small Business Development. The Municipality utilised the grant to erect hawkers stands for Small to Medium Enterprises within the municipality.		
<b>22. PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
There were no public contributions and donations received. In the event of receipt, where conditions are still to be met, the amounts will remain as liabilities disclosed under note 12		
<b>23. EMPLOYEE RELATED COSTS</b>		
Basic salary	23,857,793	20,244,192
Bonus	1,343,655	1,160,940
Company contributions	4,353,381	4,209,458
Travel, motor car, accommodation, subsistence and other allowances	1,267,334	1,757,397
Long-service awards	317,100	231,371
Acting allowances	1,603,502	1,528,890
Housing benefits and allowances	90,677	104,920
Other employee related costs	673,644	827,019
	<b>33,507,086</b>	<b>30,064,187</b>

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<b>23. EMPLOYEE RELATED COSTS (continued)</b>		
<b>Remuneration of municipal manager</b>		
Annual remuneration	666,347	300,898
Car allowance	337,665	115,918
Contributions to UIF, Medical and Pension Funds	12,227	16,206
Other	-	538,661
	-	283,879
	<b>1,016,239</b>	<b>1,255,562</b>

Included in above summary of Employee Related Costs.

The municipal manager's salary was adjusted with the Rural Allowance and corrected accordingly.

**Remuneration of the chief financial officer**

Annual remuneration	552,981	496,687
Car allowance	192,327	202,834
Contributions to UIF, Medical and Pension Funds	8,649	7,740
Acting allowance	20,874	30,400
	<b>774,831</b>	<b>737,661</b>

Included in above summary of Employee Related Costs.

The chief financial officer was vacant from 1 May 2019 and is still vacant as at 30 June 2019. During this period the position was filled by municipal staff in an acting capacity.

**Remuneration of corporate services director**

Annual remuneration	663,578	151,680
Car allowance	230,792	88,106
Contributions to UIF, Medical and Pension Funds	8,506	6,744
Acting allowance	-	258,141
	<b>902,876</b>	<b>504,671</b>

Included in above summary of Employee Related Costs.

The corporate services director position was vacant for the period 1 January 2018 to 14 April 2018. During this time the position was filled by officials in an acting capacity.

**Remuneration of the community services director**

Annual remuneration	663,578	496,687
Car allowance	230,793	205,893
Performance bonuses	-	-
Contributions to UIF, Medical and Pension Funds	10,619	7,759
Other	-	48,014
	<b>904,990</b>	<b>758,353</b>

Included in above summary of Employee Related Costs.



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	2019 R	2018 R
<b>23. EMPLOYEE RELATED COSTS (continued)</b>		
Remuneration of technical services director (acting)		
Annual remuneration	-	45,195
Car allowance	-	9,866
Performance bonuses	-	54,399
Contributions to UIF, Medical and Pension Funds	-	44,760
Other	-	154,219
	-	<b>308,439</b>
Included in above summary of Employee Related Costs.		
The technical services director position was vacant for the period 1 September 2017 to 30 June 2018		
<b>24. REMUNERATION OF COUNCILLORS</b>		
Executive Mayors	693,798	821,432
Speaker	546,542	671,179
Councillors	5,418,785	4,304,357
Executive Committee Members	2,184,022	2,521,044
Councillors' pension and medical aid contributions	1,342,337	671,513
Councillors' allowances	1,169,600	1,891,985
	<b>11,355,084</b>	<b>10,881,510</b>
In-kind benefits		
The Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has use of the Council owned vehicle with two full time drivers for official duties.		
<b>25. DEPRECIATION AND AMORTISATION</b>		
Property, plant and equipment	25,272,542	24,874,343
Intangible assets	171,449	203,843
	<b>25,443,991</b>	<b>25,078,186</b>
<b>26. IMPAIRMENT OF ASSETS</b>		
Impairments		
Property, plant and equipment	3,755,721	-
Assets not found at year end during the physical asset verification and write downs due to assessment of carrying amounts against value in use and physical conditions.		
<b>27. FINANCE COSTS</b>		
Interest on overdue accounts	209,816	64,791
Interest on Finance leases	82,474	204,260
	<b>292,290</b>	<b>269,051</b>

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<b>28. DEBT IMPAIRMENT</b>		
Contributions to debt impairment provision	5,672,147	5,162,853
The movement in bad debts relate to an increase in the provision of impairment of receivables.		
<b>29. CONTRACTED SERVICES</b>		
Information Technology Services	4,177,343	5,281,876
Security Services	12,274,373	10,282,115
Other contracted services	2,488,789	3,891,859
Performance Management Services	2,973,070	2,589,732
Accounting and Financial Management Advisory	12,173,482	21,940,298
	<b>34,087,057</b>	<b>43,985,880</b>

Other contracted services is made up of Valuation roll consultancy R1 131 576 (2018: R2 253 981) Value added tax specialist consultancy R1 148 563 (2018:R1 637 879) and Fleet Services R208 650 (2018: Rnil)

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	2019 R	2018 R
<b>30. GENERAL EXPENSES</b>		
Advertising	211,212	351,511
Auditors remuneration	2,770,345	3,410,082
Bank charges	137,925	89,622
Cleaning	66,850	135,929
Software expenses	783,221	1,852,904
Disaster relief programs	222,550	-
Consumables	53,600	-
Legal fees	7,896,049	1,802,242
Entertainment - Councillors	52,749	40,550
Maintenance of illegal dumping site	348,561	59,371
Rental: Equipment	7,000	1,042,628
Insurance	1,569,149	1,748,043
Bursaries	1,009,664	1,306,733
Conferences and seminars	18,000	39,770
Employee assistance and wellness	179,249	182,288
Telephone	802,722	1,259,061
Workmans compensation	137,072	132,073
Mayoral outreach programmes	356,340	1,072,649
Membership fees: Societies	376,250	535,840
Vehicles: Licenses	11,883	5,432
Vehicles: Fuel and oil	4,711,486	3,747,786
Printing and stationery	503,323	341,873
Promotions	3,256,051	4,955,389
Protective clothing	348,312	227,875
Refreshments and meals	493,257	636,223
Subscriptions and membership fees	-	94,587
Training	2,160,401	2,520,327
Travel - local	1,638,591	1,565,355
Small tools and equipment	469,400	530,989
Electricity	4,683,613	8,028,786
Travel and subsistence: Officials	1,236,288	956,188
Licenses and permits	14,185	18,978
Expanded Public Works Programme	6,469,969	5,296,420
Travel and subsistence: Councillors	1,553,968	1,032,861
Pauper Burials	56,937	116,372
Excellence Awards	463,536	426,685
Youth Women Elderly and Other Support Programmes	7,674,623	7,652,061
Ward Participation Support	4,969,860	8,282,383
	<b>57,714,191</b>	<b>61,497,866</b>
<b>31. FAIR VALUE ADJUSTMENTS</b>		
Investment property (Fair value model)	(9,267,000)	2,195,974
<b>32. AUDITORS' REMUNERATION</b>		
Fees	2,770,345	3,410,082

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	2019 R	2018 R
<b>33. CASH GENERATED FROM OPERATIONS</b>		
Deficit	(8,561,880)	(15,882,996)
<b>Adjustments for:</b>		
Depreciation and amortisation	25,443,991	25,078,186
Gain/loss on sale of assets and liabilities	18,044,231	216,125
Fair value adjustments	9,267,000	(2,195,974)
Impairment deficit	3,755,721	-
Debt impairment	5,672,147	5,162,853
Movements in provisions	538,481	177,374
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(72,827)	(120,619)
Other receivables from non-exchange transactions	(7,798,828)	3,882,521
Payables from exchange transactions	28,167,877	4,320,928
VAT	(4,919,892)	(1,333,937)
Unspent conditional grants and receipts	(13,361,353)	14,425,878
	<b>56,174,668</b>	<b>33,730,339</b>

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	2019 R	2018 R
<b>34. FINANCIAL INSTRUMENTS DISCLOSURE</b>		
<b>Categories of financial instruments</b>		
<b>2019</b>		
<b>Financial assets</b>		
	<b>At amortised cost</b>	<b>Total</b>
Trade and other receivables from exchange transactions	193,446	193,446
Other receivables from non-exchange transactions	18,881,109	18,881,109
Cash and cash equivalents	38,515,046	38,515,046
	<b>57,589,601</b>	<b>57,589,601</b>
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Trade and other payables from exchange transactions	45,829,646	45,829,646
Finance lease obligation	108,268	108,268
	<b>45,937,914</b>	<b>45,937,914</b>
<b>2018</b>		
<b>Financial assets</b>		
	<b>At amortised cost</b>	<b>Total</b>
Trade and other receivables from exchange transactions	120,619	120,619
Other receivables from non-exchange transactions	11,082,281	11,082,281
Cash and cash equivalents	38,607,327	38,607,327
	<b>49,810,227</b>	<b>49,810,227</b>
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Trade and other payables from exchange transactions	17,661,773	17,661,773
Finance lease obligation	1,228,240	1,228,240
	<b>18,890,013</b>	<b>18,890,013</b>

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	2019 R	2018 R
<b>35. COMMITMENTS</b>		
<b>Authorised capital expenditure</b>		
<b>Approved and contracted for</b>		
• Property, plant and equipment	7,957,442	24,636,655
<b>Approved but not yet contracted for</b>		
• Property, plant and equipment	55,300,000	79,300,000
<b>Total capital commitments</b>		
Approved and contracted for	7,957,442	24,636,655
Approved but not yet contracted for	55,300,000	79,300,000
	<b>63,257,442</b>	<b>103,936,655</b>

The prior period error adjustments on commitments approved and already contracted for relate to R11 935 152 of completed projects transferred to property plant and equipment but not deducted from commitments in the prior year.

An amount of R15 397 290 in the prior year relating to Vragas sports facility construction was omitted from the prior year commitments listing.

The correction of these errors does not affect amounts disclosed in property plant and equipment as these were correctly accounted for on the face of the annual financial statements.

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	2019 R	2018 R
<b>36. CONTINGENCIES</b>		
<b>Contingent liabilities</b>		
<b>MH Office Machines and Stationers</b>		
This entity instituted legal action against the Municipality for the recovery of an amount of R69 638 allegedly due to the delivery of goods and rendering of services. The matter is being defended.	69,556	130,000
<b>Morofa Moloto and O Ntsimane</b>		
The plaintiffs instituted legal proceedings against the municipality for unfair suspension. The ruling was in favour of the plaintiff and the Municipality is appealing the decision.	-	-
	<b>69,556</b>	<b>130,000</b>
<b>Contingent assets</b>		
<b>Mr K Dijwe</b>		
Mr K Dijwe instituted an action against the municipality for the recovery of damages that he allegedly suffered as a result of the alleged malicious prosecution, including claims on interest and costs. An order of absolution from the instance was given by the High Court in Mmabatho whereafter he applied for leave to appeal such order. The application for leave to appeal was denied, whereupon Mr Dijwe successfully petitioned the Appeal Court for such leave. The likelihood is that the appeal will succeed in favour of the plaintiff. In 2016/2017 the plaintiff failed to pursue an appeal of the judgement in favour of the Municipality. The judgement of absolution from the instance with costs therefore stands. There is a likelihood that the Municipality may proceed with attempts at recovering the cost from Mr Dijwe.	23,000	23,000
<b>Realkit Investments</b>		
The municipality instituted legal action against the Realkit Investments for constructing a building on the premises of the municipality during 2016/17 financial year. The right to occupy the land was given by the Ganyesa communal authority where the Ganyesa taxi rank is currently situated. The municipality is of the opinion that the construction of the building was done without the consent of the municipality. The matter was settled in favour of the municipality. The actual financial exposure could not be determined at year-end.	130,000	70,000
<b>Kwane Capital (Pty) Ltd</b>		
A letter of demand was submitted to Kwane Capital(Pty) Ltd ("Kwane") on the 9th of August 2017 affording them 30 days to deliver the outstanding items no response was received, instructions were given to Counsel on the 21st of September 2017 to draft particulars of claim with a view to instituting legal proceedings. A Letter was received from Kwane's attorneys on the 4th of October 2017 containing certain representations. On the 17th of October 2017 Kwane's attorneys were notified that their representations were not acceptable and demanding re-payment of the amount paid over to them.	-	300,000
<b>NW Premier and MEC Local government</b>		
The municipality instituted legal proceedings against the offices of the Premier and MEC Local government for putting the Municipality under administration per section 139 of the MFMA. Initial judgement was in favour of the Municipality, the MEC and the Premier are however appealing the decision. Contingent asset relate to legal fees recoverable.	-	-
	<b>153,000</b>	<b>393,000</b>

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	2019 R	2018 R
<b>37. RELATED PARTIES</b>		
<b>Relationships</b>		
Accounting Officer Dr Ruth S Mompoti Distric Municipality	Refer to accounting officer's report note The internal audit services are regarded as services-in-kind and the monetary value of these services could not be determined.	
Close family member of key management	Declarations of interest was circulated to all employees and a CIPC search was performed.	
The following related party transactions occurred between the municipality and its key management, including the audit committee. All related party transactions were at arms length.		
<b>Related party balances</b>		
<b>Amounts included in Trade receivable (Trade Payable) regarding related parties</b>		
G Seeletso (Family member) - (Gopola Gorata Projects)	(10,400)	-
<b>Related party transactions</b>		
<b>Purchases from (sales to) related parties</b>		
G Seeletso (Family member) - (Gopola Gorata Projects)	-	37,160
G Moreki (Family member) - (Roslyn Catering and Trading Enterprise)	-	31,910
MM Seeletso (Family member) (Gopola Gorata Projects)	59,160	-
L Makwati (Ndudza cleaning projects)	1,501,290	-
RS Modise (Family member) (Ratang Tiro Trading Pty Ltd)	130,050	-
MM Seeletso (Family member) ( This That and The Rest Events Pty Ltd)	58,850	-
<b>Remuneration of management</b>		
<b>Councillors/Mayoral committee members</b>		
Refer to note "Remuneration of councillors"		
<b>Executive management</b>		
Refer to note "Employee related costs"		



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	2019 R	2018 R
<b>38. PRIOR PERIOD ERRORS</b>		
<p>The correction of prior period errors has been done in terms of GRAP 3, paragraph 44, and subject to paragraph 45, whereby material prior period errors have been corrected retrospectively in the first set of financial statements authorised for issue after the discovery of the errors, by restating the comparative amounts for the prior period(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.</p>		
<b>Statement of financial position</b>		
<p>Receivables from non exchange transactions were increased with a net amount of R4 642 388 in the prior year. The municipality corrected other receivables in note 7, The correction relates to reclassification of PAYE, UIF and Pension that were incorrectly recorded as other creditors including adjustments made on salary control accounts relating to prior year. Kwane lease was also adjusted for in the prior year and accrued interest on investment that was adjusted for in the prior year.</p>		
<p>Receivables from non exchange transactions were adjusted with a correction of misallocated rental receipts, The amount of the correction was R5 076</p>		
<p>VAT receivable was decreased by R666 466 which is VAT that was initially recorded relating to the Kwane Capital Pty Ltd lease on equipment.</p>		
<p>Investment property was adjusted with an amount of R6 695 729. This was a write down of investment property after revaluation exercise performed in the current year. The revaluation was treated retrospectively.</p>		
<p>Property plant and equipment was adjusted by an amount of R24 238 325. The municipality engaged service providers to compile a Property Plant and equipment register. All Municipal assets were assessed according to all relevant GRAP standards and adjustments were made retrospectively.</p>		
<p>Intangible assets were adjusted by R184 348. The municipality engaged service providers to compile a Property Plant and equipment register. Municipal assets were assessed according to all relevant GRAP standards and adjustments were made retrospectively.</p>		
<p>Payables from exchange transactions were reduced by a net amount of R1 300 827 in the prior year arising from various corrections in the prior year. The adjustment relates to clearing of suspense accounts and reclassification of PAYE, UIF and Pension and correction of Anaka lease.</p>		
<p>Accumulated surplus was adjusted by various corrections by an amount of R37 354 310 as detailed in this note.</p>		
<b>Statement of financial performance</b>		
<p>Other income was reduced by an amount of R660 410 due to reversal of finance charges on the Kwane Capital Pty Ltd lease and correction of incorrectly accrued interest on investments - call accounts.</p>		
<p>Employee cost of R1 365 351 and remuneration of councillors R52 028, travel and subsistence initially recognised was reclassified to travel vote. Employee related costs were increased in the prior year by a net amount of R64 454 due to salary adjustments incorrectly recorded in the prior year 2017-18.</p>		
<p>Debt impairment was reduced by R8 168 213 arising from correction of Kwane Capital lease and a further R2 741 278 arising from reclassification of debt impairment into contracted services. Amounts paid to contracted debt collector for collection of receivables were incorrectly classified under debt impairment.</p>		
<p>Depreciation in the prior year was restated. The municipality engaged service providers to compile a Property Plant and equipment register. All Municipal assets were assessed according to all relevant GRAP standards and adjustments were made retrospectively. The amount of adjustment to depreciation was R5 601 347</p>		
<p>Correction of an expense relating to finance lease obligation to creditors. The amount of the adjustment was R109 215.</p>		
<p>Debt impairment was reclassified. Reclassification of contracted services debt collection incorrectly recorded as debt</p>		

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**38. PRIOR PERIOD ERRORS (continued)**

Impairment in the prior year of R2 741 278. Other corrections relating to the Kwane lease were also posted. The amount of adjustment was R8 168 213.

An amount of R1 084 169 was reclassified from repairs and maintenance to general expenses

Various expenses were reclassified within general expenses

**Disclosure notes**

Commitments disclosures were adjusted by a net amount of R4 141 144 due to completed PPE erroneously not transferred from commitments (R11 935 152) and correction of previously omitted PPE commitments (R15 397 290)

Irregular expenditure disclosure in the prior year was split to include irregular payments relating to prior year discovered in the current year. Furthermore the prior period amounts were revised and adjusted with an amount of R 3 346 798.29 relating to transactions that were not included in the Irregular Expenditure amount as was disclosed

Unauthorised expenditure was revised to R 47 526 053 due to the corrections made to the prior year amounts and the accruals on the CAPEX that were incorrectly calculated.

The correction of the errors resulted in adjustments as disclosed in note 39:

**39. PRIOR-YEAR ADJUSTMENTS**

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

**Statement of financial position**

**2018**

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions		125,695	(5,076)	120,619
Receivables from non exchange transactions		6,439,893	4,642,388	11,082,281
VAT receivable		3,245,256	666,466	3,911,722
Investment property		45,832,000	6,695,729	52,527,729
Property plant and equipment		450,691,129	24,238,325	474,929,454
Intangible assets		853,244	(184,348)	668,896
Payables from exchange transactions		(18,962,598)	1,300,825	(17,661,773)
Accumulated surplus		(489,555,917)	(37,354,310)	(526,910,227)

**Statement of financial performance**

**2018**

	Note	As previously reported	Correction of error	Reclassification	Restated
Employee related costs		(31,365,084)	(64,454)	1,365,351	(30,064,187)
Remuneration of councillors		(10,933,537)	-	52,028	(10,881,509)
Depreciation and amortisation		(19,639,810)	(5,438,376)	-	(25,078,186)
Other income Interest accrued		1,477,559	(660,410)	-	817,149
General expenditure		(59,374,000)	377,682	(2,501,548)	(61,497,866)
Debt Impairment		(13,331,066)	5,426,934	2,741,279	(5,162,853)
Finance costs		(378,266)	109,215	-	(269,051)
Contracted services		(41,244,602)	-	(2,741,278)	(43,985,880)
Repairs and maintenance		(3,827,035)	-	1,084,168	(2,742,867)
Impairment loss reversal		(1,186,507)	1,186,507	-	-

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	2019 R	2018 R
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**40. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified refer to prior period adjustment note 39

**41. RISK MANAGEMENT**

**Liquidity risk**

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2019	2018
Current Account (Primary Bank Account) - ABSA Acc. No 407801332	20,527,537	5,834,290
Other short-term investments	17,987,483	32,773,012
Receivables	18,562,700	10,591,178

These balances represent the maximum exposure to credit risk.

**42. GOING CONCERN**

We draw attention to the fact that at June 30, 2019, the municipality had a deficit for the year of R (8,561,880) The municipality's total assets however exceeded its liabilities by R 518,195,048.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the government will continue to allocate funding for the ongoing operations for the municipality.

**43. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure	165,882,234	118,356,181
Unauthorised expenditure current year	58,209,123	47,526,053
	-	-
	-	-
	<b>224,091,357</b>	<b>165,882,234</b>

Unauthorised expenditure is due to the overspending of the total amount appropriated for a vote in the approved budget.

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**43. UNAUTHORISED EXPENDITURE (continued)**

- i) No criminal or disciplinary steps were taken after investigation process.
- ii) No material losses have been recovered.

**44. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure - opening balance	1,984,163	1,919,372
Current year	289,695	64,791
	-	-
	-	-
	<b>2,273,858</b>	<b>1,984,163</b>

The fruitless and wasteful expenditure mainly relates to penalties and interest charged on overdue accounts. Investigations are ongoing.

- i) No criminal or disciplinary steps were taken after investigation process.
- ii) No material losses have been recovered.

**45. IRREGULAR EXPENDITURE**

Opening balance	391,153,520	296,680,732
Add: Irregular Expenditure prior year identified in current year	47,040,539	-
Add: Current year irregular expenditure	12,200,430	94,472,788
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
	<b>450,394,489</b>	<b>391,153,520</b>

**Analysis of expenditure awaiting condonation per age classification**

Current year	59,240,969	94,472,788
Prior years	391,153,520	296,680,732
	<b>450,394,489</b>	<b>391,153,520</b>

**Deviation incidents**

	<b>Disciplinary steps taken/criminal proceedings</b>	
Final approval on quotations were not made by delegated official - SCM reg 5	Under investigation	2,650,550
The preferential point was incorrectly calculated -PFR 6	Under investigation	560,489
Extension of contract without approval - MFMA sec 116	Under investigation	9,415,084
No competitive bidding process was followed - SCM reg 19	Under investigation	29,426,138
SCM reg 32 - Contracts	Under investigation	12,664,735
Evaluation criteria inconsistently applied - SCM reg 21	Under investigation	316,301
Bidders failed functionality but were awarded tender SCM reg 28	Under investigation	3,834,389
		<b>58,867,686</b>

**KAGISANO-MOLOPO LOCAL MUNICIPALITY**  
**(REGISTRATION NUMBER NW397)**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

**NOTES TO THE FINANCIAL STATEMENTS**

Figures in Rand

**46. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**SALGA**

Opening balance	-	-
Current year subscription / fee	500,000	500,000
Amount paid - current year	(490,000)	(475,000)
Discount received	(10,000)	(25,000)
	-	-

**Audit fees**

Current year subscription / fee	3,183,015	3,888,910
Amount paid - current year	(3,183,015)	(3,888,910)
	-	-

Audit fees balance include interest levied.

**PAYE and UIF**

Opening balance	(320,919)	-
Current year subscription / fee	7,178,409	6,124,050
Amount paid - current year	(7,376,266)	(6,444,969)
Amount paid - previous years	202,856	-
	(315,920)	(320,919)

**Pension and Medical Aid Deductions**

Opening balance	26,033	20,355
Current year subscription / fee	8,714,468	7,734,380
Amount paid - current year	(9,204,729)	(7,734,380)
Amount paid - previous years	(8,678)	-
	(472,906)	20,355

**VAT**

VAT receivable	8,831,614	3,911,722
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VAT output payables and VAT input receivables are shown in note 8.

All VAT returns have been submitted by the due date throughout the year.

**47. REPAIRS AND MAINTENANCE**

<b>Categories of repairs and maintenance</b>		
Machinery and Equipment	271,478	59,900
Roads Water & Electrical	387,534	515,372
Land and Buildings	765,105	1,151,452
Transport assets	798,177	1,016,142
	<b>2,222,294</b>	<b>2,742,866</b>

**48. BUDGET DIFFERENCES**

**Material differences between budget and actual amounts**

**KAGISANO-MOLOPO LOCAL MUNICIPALITY  
(REGISTRATION NUMBER NW397)  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

**NOTES TO THE FINANCIAL STATEMENTS**

	2019 R	2018 R
<b>48. BUDGET DIFFERENCES (continued)</b>		
<b>A:</b> Several leasees terminated their contract during the year, the budgeted amounts were based on all rental properties expected income. Furthermore, the Municipality did not effect the 10% annual rental escalation rate, had it been applied, the tenants lost would have been compensated by the escalation fee		
<b>B:</b> Inappropriate budgeting for interest on rental income based on the outstanding debtors in the debtors' book.		
<b>C:</b> The increase in other income was due to revenue from insurance claims being paid. Furthermore – there was inappropriate budgeting for other income as sources identified for other income as per budget were not relevant to the municipality		
<b>D:</b> Delays in capital expenditure relating to grants resulted in delays in withdrawals from the investment account which in turn resulted in higher interest being earned.		
<b>E:</b> Inappropriate budgeting for rates as the budget was not based on the tariffs which were to be charged during the year. Unfavourable variance due to unexpected changes in the supplementary valuation roll.		
<b>F:</b> Operational related government grants were incorrectly budgeted, furthermore; the budgeted transfer and subsidies were not as per DoRA allocation as there was an increase in the allocation.		
<b>G:</b> Capital related government grants were incorrectly budgeted, furthermore; the budgeted transfer and subsidies were not as per DoRA allocation as there was an increase in the allocation.		
<b>H:</b> Employee related costs decrease variances was due to non-filling of senior management vacant posts.		
<b>I:</b> The budgeted amounts were based on anticipated upper limits however the municipality did not implement the upper limits.		
<b>J:</b> Budgeting on depreciation was based on the old asset register, however the municipality engaged a service provider to re-construct a new asset register which several assets were impaired resulting in less than anticipated depreciation amounts.		
<b>K:</b> Impairment was not budgeted for, however due to the reconstruction of a new fixed asset register, the need to impair was observed hence an increase in impairment.		
<b>L:</b> Not/applicable material		
<b>M:</b> The increase in debt impairment was due to non-payment of services by consumer, which was not expected hence it necessitated the need to impair all long overdue accounts.		
<b>N:</b> The main reason for the variance in repairs and maintenance is due to the misclassification of expenditure within the budget between general expenditure, contracted services and repairs and maintenance.		
<b>O:</b> The reason for a reduction in contracted services was due to a cut in spending on several services that were previously being done by contractors, such as contractor/consultants to assist with VAT services as well as Annual Financial Statements preparation. These services were being done in-house		
<b>P:</b> The variances on Transfer and subsidies are due to inappropriate budgeting where transfer and subsidies items were previously classified as general expenses.		
<b>Q:</b> The variances on General expenses are due to inappropriate budgeting were other expense items as well as transfer and subsidies items were previously classified as general expenses. The reclassification of these expense items resulted in a decrease in the general expense total expenditure.		
<b>R:</b> The main reason for the variance is due unforeseen events where assets were verified for existence and condition re-assessed, all the assets that were not in good conditions were disposed of, hence the variance between the budgeted amounts and the actual expenditure.		

**KAGISANO-MOLOPO LOCAL MUNICIPALITY  
(REGISTRATION NUMBER NW397)  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

**NOTES TO THE FINANCIAL STATEMENTS**

	2019 R	2018 R
<b>48. BUDGET DIFFERENCES (continued)</b>		
<b>S:</b> The main reason for the variance is due to is re-assessment of the market value of all the investment properties.		
<b>T:</b> The variance is due to inappropriate budgeting.		
<b>U:</b> The variance is due to inappropriate budgeting.		
<b>V:</b> The variance is due conditional grants ring fenced taking time to be withdrawn due to community unrest as some projects could not proceed, hence the monies were still lying at the bank unused.		
<b>W:</b> The variance is due to re-construction of the municipal fixed asset register.		
<b>X:</b> The variance is due to re-construction of the municipal fixed asset register.		
<b>Y:</b> The variance is due to re-construction of the municipal fixed asset register.		
<b>Z:</b> The variance is due to lack of progress on primarily MIG projects which were temporarily halted as a result of community unrest. The municipality did not expect to be lagging regarding implementation of MIG projects and all other projects that are conditional grant funded		
<b>AA:</b> The municipality did not expect the municipality landfill site to increase due to powers and function of the district and the local municipality. The municipality expected the matter of ownership to have been resolved on by the date of reporting.		
<b>AB:</b> The variance is due to inappropriate budgeting		
<b>AC:</b> The variance on accumulated surplus is due to prior period errors, misstatement and other variances corrections.		



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AUDITOR - GENERAL  
SOUTH AFRICA

## **Report of the auditor-general to the North West provincial legislature and the council on the Kagisano Molopo Local Municipality**

### **Report on the audit of the financial statements**

#### **Qualified opinion**

1. I have audited the financial statements of Kagisano Molopo Local Municipality set out on pages 130 to 208 which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of Kagisano Molopo Local Municipality as at 30 June 2019, and the financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act (Act 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (DoRA).

#### **Basis for qualified opinion**

##### **Accumulated surplus**

3. I was unable to obtain sufficient appropriate audit evidence for adjustments made to the accumulated surplus for correction of errors relating to the prior year. I could not confirm the accumulated surplus by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to accumulated surplus of R518 195 048 (2018: R526 910 227) as presented in the statement of changes in net assets.

##### **Irregular expenditure**

4. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality incurred expenses of R29 134 045 (2018: R33 640 804) in contravention with the supply chain management requirements which were not included in irregular expenditure disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for amounts included in irregular expenditure disclosed for the current and previous year or that awards of R54 483 087 were made in terms of the supply chain management requirements. I was unable to confirm the irregular expenditure by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to irregular expenditure of R450 394 489 (2018: R391 153 520) as disclosed in note 45 to the financial statements.

##### **Property, plant and equipment**

5. The municipality did not adequately review the useful lives of property, plant and equipment at each reporting date as required by GRAP 17, *Property, plant and equipment*. I was unable to determine the impact on the net carrying amount of property, plant and equipment as it was





impracticable to do so. In addition, the municipality incorrectly classified infrastructure assets as buildings resulting in buildings being overstated by R1 650 423 and infrastructure assets understated by the same amount. Property, plant and equipment was also overstated by R24 346 403 due to significant differences between invoiced amounts and amounts recorded in respect of work in progress. Additionally, there was an impact on the deficit for the year and the accumulated surplus. Furthermore, I was unable to obtain sufficient appropriate audit evidence for disposals of R18 044 231 and I could not confirm these disposals by alternative means. Consequently, I was unable to determine whether any further adjustment to property, plant and equipment of R477 024 788 (2018: R474 929 454) as disclosed in note 4 to the financial statements was necessary.

#### **Investment property**

6. I was unable to obtain sufficient appropriate audit evidence for investment property as the information considered necessary to substantiate a journal entry could not be provided. I was unable to confirm investment property by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to investment property of R43 260 729 as disclosed in note 3 to the financial statements.

#### **Trade payables**

7. I was unable to obtain sufficient appropriate audit evidence for trade payables as the information considered necessary to substantiate the transactions in the general ledger could not be provided. I was unable to confirm trade payables by alternative means. Consequently, I was unable to determine whether any adjustment to trade payables of R14 352 503 included in payables from exchange transactions as disclosed in note 14 to the financial statements was necessary.

#### **Commitments**

8. I was unable to obtain sufficient appropriate audit evidence for commitments as the municipality did not maintain accurate and complete records of the contractual information used to determine commitments. I was unable to confirm these commitments by alternative means. In addition, commitments were understated by R8 109 326 due to the incorrect calculation of commitments by the municipality. Consequently, I was unable to determine whether any further adjustment to commitments of R63 257 442 (2018: R103 936 655) as disclosed in note 35 to the financial statements was necessary.

#### **Context for the opinion**

9. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
10. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants and, parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
11. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Material uncertainty relating to going concern**

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.



13. As disclosed in note 42 to the financial statements, as of 30 June 2019 the municipality had a deficit for the year of R8 561 880, however the municipality's total assets exceeded its liabilities by R518 195 048. This along with other matters as set forth in note 42 to the financial statements indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

#### **Emphasis of matter**

14. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### **Unauthorised and fruitless and wasteful expenditure**

15. As disclosed in the note 43 to the financial statements, unauthorised expenditure of R58 209 123 was incurred in the current year and the unauthorised expenditure of R165 882 234 in respect of prior years had not yet been dealt with in accordance with section 32 of the MFMA.
16. As disclosed in the note 44 to the financial statement, fruitless and wasteful expenditure of R289 695 was incurred in the current year and the fruitless and wasteful expenditure of R1 984 163 in respect of prior years had not yet been dealt with in accordance with section 32 of the MFMA.

#### **Responsibilities of accounting officer for the financial statements**

17. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
18. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

#### **Auditor-general's responsibilities for the audit of the financial statements**

19. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
20. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### **Report on the audit of the annual performance report**

#### **Introduction and scope**

21. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected



programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

22. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
23. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the municipality for the year ended 30 June 2019:

Programmes	Pages in the annual performance report
Programme 2 - Basic services and infrastructure development	78 – 85
Programme 3 - Local economic development and community services	86 – 92

24. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
25. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

## Programme 2 - Basic services and infrastructure development

### Various strategic objectives

26. The strategic objectives approved in the Service Delivery and Budget Implementation Plan (SDBIP) were inconsistent with the strategic objectives reported in the annual performance report (APR). In addition, these changes were not approved as follows:

Strategic objective per SDBIP	Strategic objective per APR
Eradicate backlogs in order to improve access to services	7 Housing Program Meetings Attended 8 Electricity Project Management Meetings Attended 4 Housing Sanitation Program Meetings Attended
Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	8 Rural Water Supply Meetings Attended 60 High mast lights constructed at Gamodisenyanane (ward 1) and Kudungwane (ward 1)

27. The following strategic objectives approved in the SDBIP were not reported in the annual performance report and these changes were not approved:



<b>Strategic objective per SDBIP</b>
Eradicate backlogs in order to improve access to recreational facilities
Fencing of graveyards

#### Various indicators

28. The achievements reported in the annual performance report for the following indicators did not agree to the supporting evidence provided:

Indicator description	Reported achievement	Audited value
4 Housing Project Management Meetings Attended by 30 June 2019	2	1
4 Portfolio Committee meetings coordinated by 30 June 2019	3	2
Timeous submission of PMS quarterly reports to the office of the Municipal Manager within 15 Days after the end of each Quarter	4	3
Municipal PMS quarterly reports submitted	4	1
Number of fenced cemeteries for all 15 Kagisano-Molopo Wards	0	26

29. I was unable to obtain sufficient appropriate audit evidence for the reported achievement for the following indicators. This was due to the municipality not having an adequate record keeping system to enable reliable reporting on achievement of these indicators. I was also unable to further confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements of the indicators listed below:

Indicator description	Reported achievement
Responses to the internal auditor's findings within 30 days after receipt of the report	4
Timeous submission of 2018/2019 Mid Term Report to the Mayor, National Provincial Treasury and DLGHS	1
Timeous submission of 2017/2018 Annual Performance Report to the office of Auditor General of South Africa	1

## Programme 2 - Local economic development and community services

#### Various indicators

30. The achievements reported in the annual performance report for the following indicators did not agree to the supporting evidence provided:

Indicator description	Reported achievement	Audited value
Risk Register Updates conducted per Department	4	3
Number of Library awareness campaigns/ program held for Ganyesa, Morokweng, Tosca, Tlaskgameng	72	40
Number of SMMEs supported per plan	2	3
Number of recycling program's per project implementation plan	0	3



Indicator description	Reported achievement	Audited value
Number of programs implemented at Bona-Bona (Driefontein Heritage Site) per project implementation plan	2	0
Number of Disaster Awareness Campaigns conducted	2	4

31. I was unable to obtain sufficient appropriate audit evidence for the reported achievement for the following indicators. This was due to the municipality not having an adequate record keeping system to enable reliable reporting on achievement of these indicators. I was also unable to further confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements of the indicators listed below:

Indicator description	Reported achievement
4 Portfolio Committee meetings coordinated by 30 June 2019	4
Timeous submission of PMS quarterly reports to the office of the Municipal Manager within 15 Days after the end of each Quarter	3
Municipal PMS quarterly reports submitted	3
Responses to the internal auditor's findings within 30 days after receipt of the report	4
Timeous submission of 2018/2019 Mid Term Report to the Mayor, National Provincial Treasury and DLGHS	1
Timeous submission of 2017/2018 Annual Performance Report to the office of Auditor General of South Africa	1
Number of jobs created through EPWP	619
Number of Goat Massification programs implemented per project implementation plan	3
Number of reports on Thusong centres accessible for Government Departments services at Morokweng, Tlaskgameng and Kgokgojane	12
% Relief Material Provided to reported Disaster Victims	100%
Number of reports on cleaning monitored through EPWP per plan	4

#### Other matter

32. I draw attention to the matter below.

#### Achievement of planned targets

33. Refer to the annual performance report on pages 78 to 92 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 26 to 31 of this report.

### Report on the audit of compliance with legislation

#### Introduction and scope

34. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.



35. The material findings on compliance with specific matters in key legislations are as follows:

#### **Financial statements**

36. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, current liabilities and disclosure items were identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving a qualified audit opinion.
37. The financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

#### **Revenue management**

38. I was unable to obtain sufficient appropriate audit evidence that revenue due to the municipality was calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.
39. I was unable to obtain sufficient appropriate audit evidence that interest had been charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

#### **Procurements and contract management**

40. Sufficient appropriate audit evidence could not be obtained that all contracts and bids were awarded in accordance with the legislative requirements as contracts were not available for audit and bids could not be provided for audit. Similar limitation was also reported in the prior year.
41. Sufficient appropriate audit evidence could not be obtained that bid specifications were unbiased and allowed all potential suppliers to offer their goods or services, as required by SCM regulation 27(2)(a). Similar non-compliance was also reported in the prior year.
42. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding and quotations, as required by SCM regulations 21(b) and 28(1)(a) and Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
43. Sufficient appropriate audit evidence could not be obtained that some of the contracts were awarded through competitive bidding processes that were adjudicated by the bid adjudication committee. Similar non-compliance was also reported in the prior year.
44. Sufficient appropriate audit evidence could not be obtained that bid adjudication committees were always composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year.
45. Sufficient appropriate audit evidence could not be obtained that some of the contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM regulation 29(5)(b). Similar non-compliance was also reported in the prior year.
46. Sufficient appropriate audit evidence could not be obtained to confirm that councillors of the municipality participated in committees evaluating or approving tenders, quotations or attended meetings of committees evaluating and approving tenders and quotations, in contravention of section 117 of the MFMA.
47. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
48. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.



49. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board (CIDB) and qualified for the contracts in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A). Similar non-compliance was also reported in the prior year.
50. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5. Similar non-compliance was also reported in the prior year.
51. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
52. Sufficient appropriate audit evidence could not be obtained that the contract performance and monitoring measures and methods were sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year.
53. Awards were made to providers who were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).

#### **Expenditure management**

54. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The irregular expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph.
55. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R289 695, as disclosed in note 44 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on supplier accounts.
56. Reasonable steps were not taken to prevent unauthorised expenditure of R58 209 123, as disclosed in note 43 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of various votes.

#### **Assets management**

57. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
58. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

#### **Liability management**

59. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.
60. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA.

#### **Consequence management**

61. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA.



## Other information

62. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
63. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
64. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
65. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary

## Internal control deficiencies

66. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
- Leadership did not adequately exercise their oversight responsibility regarding financial and performance reporting and compliance with legislation. The municipality did not have sufficient monitoring and reviewing controls to ensure that financial and performance reports submitted for audit were accurate and complete and that action plans developed were adequately and timeously implemented to address all prior year audit findings. The implementation thereof was mostly done through consultants with limited transfer of skills to own staff.
  - Management's inability to implement controls to comply with laws and regulations as well as to ensure reliable and accurate financial and performance reporting, is a concern. This factor, as well as the continuous non adherence with the council's supply chain management policy without consequences reflects negatively on management's commitment towards a clean administration.
  - There is a lack of consequences with regard to compliance with legislation, specifically those relating to procurement and contract management and the management of irregular, fruitless and wasteful and unauthorised expenditure.
  - There is an overreliance on the work of consultants without adequate internal review processes.
  - The audit committee did not adequately review the financial statements and the performance report before it was submitted for audit.





## Other reports

67. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

### Investigation

68. The municipality initiated special investigations into allegations relating to financial misconduct, fraud or improper conduct in supply chain management against two officials of the municipality. The investigations were still ongoing at the date of this report.

*Auditor General*

Potchefstroom

30 January 2020



AUDITOR - GENERAL  
SOUTH AFRICA

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## **Annexure – Auditor-general's responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Kagisano-Molopo Local Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease to continue as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.





# Chapter 6

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

Refer to the audited Annual Financial Statements in page 130

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

#### 6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

A Disclaimer opinion was obtained in the 2017/18 financial year

### COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

#### 6.2 AUDITOR GENERAL REPORT YEAR 0

A Qualified Audit Opinion is obtained for the 2018/2019 financial year

### COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

A series of financial performance data for the 2018/2019 were submitted to the National Treasury at specified intervals throughout the year as required by section 71 of the MFMA. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer) .....



# GLOSSARY

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries can access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give "full and regular" reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. Activities describe "what we do".
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of

# GLOSSARY

	outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.

# GLOSSARY

<b>Service Delivery Budget Implementation Plan</b>	<p>Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.</p>
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <ul style="list-style-type: none"> <li>a) <i>one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></li> <li>b) <i>which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></li> </ul>

# APPENDICES

## APPENDIX A – COUNCILLORS' COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Cllr S V Mere	Full Time	Mayor	Ward	100%	0%
Cllr S R Modise	Full Time	Speaker	Party Representative	100%	0%
Cllr T M Lenkopane	Full Time	Corporate Budget & treasury	Party Representative	100%	0%
Cllr J K Botha	Full Time	Basic Services	Party Representative	100%	0%
Cllr L E Gaobepe-Boemo	Full Time	Planning & Development	Party Representative	100%	0%
Cllr K G Nthebotsenyane	full Time	Community Services and LED	Party Representative	100%	10%
Cllr B R Bareng	Part Time	Planning & Development	Party Representative	100%	0%
Cllr K I Gabe	Part Time	Infrastructure	Ward	100%	0%
Cllr B E Gender	Part Time	Community Services and LED	Party Representative	100%	0%
Cllr G F Selebogo	Part Time	Corporate Service	Ward	100%	0%
Cllr. T C Loabile	Part Time	Basic Services	Ward	100%	0%
Cllr K S Moreki	Part time	Budget & treasury	Ward	100%	0%
Cllr B B Makwati	Part Time	Planning * Development	Ward	100%	0%
Cllr T E Matsietso	Part Time	Planning & development	Ward	100%	0%
Cllr K N Sekopecwe	Part Time	Budget & treasury	Party Representative	100%	0%
Cllr N J D Muller	Part Time	Planning & Development	Party Representative	100%	0%
Cllr T M Olaotswe	Part Time	Good Governance & Public Participation	Ward	100%	0%
Cllr M M Seeletso	Part Time	Community Services and LED	Ward	100%	0%
Cllr O M Serame	Part Time	Planning and Development	Ward	100%	0%



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Cllr T J Thetswe	Part Time	Community Services and LED	Ward	100%	0%
Cllr M J Moreke	Part Time	Planning & Development	Ward	100%	0%
Cllr S O Lekgari	Part Time	Corporate Services	Ward	100%	0%
Cllr K G Ogaeng	Part Time	Corporate Services	Ward	100%	0%
Cllr J M Grobbelaar	Part Time	Corporate Services	Ward	100%	0%
Cllr MM Diphikwe	Part Time	Basic Services	Ward	100%	0%
Cllr TM Lenner	Part Time	Basic Services	Ward	100%	0%
Cllr ward	Part Time	Corporate Services	Ward	100%	0%
Cllr T Z Baakanyanang	Part Time	Corporate Services	Ward Representative	100%	0%

# APPENDICES

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
Corporate, Budget and Treasury Portfolio Committee	Focus on Institutional Development, Transformation, Budget and Budget related Policies
Basic Services Portfolio Committee	Focus on Infrastructure Development
Community Services, LED and Tourism Portfolio Committee	Focus on Community issues Local Economic Development and Tourism
Planning & Development Portfolio	Focuses on Spatial Planning, IDP, Good Governance and Public Participation

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## APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Corporate Services, Budget & Budget Treasury Portfolio Committee	Director: Olebile Ntsimane and Acting CFO: Rowen Ferries
Basic Services Portfolio Committee	Vacant
Community Services, LED and Tourism Portfolio Committee	Director: Madumo
	Acting Director:
Planning & Development Portfolio	Vacant

# APPENDICES

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	No	N/A
Building regulations	No	N/A
Childcare facilities	Yes	N/A
Electricity and gas reticulation	No	N/A
Firefighting services	No	N/A
Local tourism	No	N/A
Municipal airports	No	N/A
Municipal planning	Yes	N/A
Municipal health services	No	N/A
Municipal public transport	No	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	N/A
Storm water management systems in built-up areas	Yes	N/A
Trading regulations	No	N/A
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	N/A
Beaches and amusement facilities	No	N/A
Billboards and the display of advertisements in public places	Yes	N/A
Cemeteries, funeral parlours and crematoria	Yes	N/A
Cleansing	Yes	N/A
Control of public nuisances	Yes	N/A
Control of undertakings that sell liquor to the public	No	N/A
Facilities for the accommodation, care and burial of animals	No	N/A
Fencing and fences	Yes	N/A
Licensing of dogs	No	N/A
Licensing and control of undertakings that sell food to the public	Yes	N/A
Local amenities	Yes	N/A
Local sport facilities	Yes	N/A
Markets	No	N/A
Municipal abattoirs	No	N/A
Municipal parks and recreation	Yes	N/A
Municipal roads	Yes	N/A
Noise pollution	No	N/A
Pounds	No	N/A
Public places	No	N/A

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Refuse removal, refuse dumps and solid waste disposal	No	N/A
Street trading	Yes	N/A
Street lighting	Yes	N/A
Traffic and parking	No	N/A

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## APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	<b>Cllr Makwail</b> Motase L Mochwaedi A Morris M Tlhonyane M Monyatsi S Mosikare D Mothwane K Gaoduelwe K	Yes	12	12	11
2	<b>Cllr Thotawe</b> Tchimogo C Bale J Bazola R Saphethi I Matlapeng I Concwane S Tladinyane A Oageng M Shepherd T Mathe M	Yes	15	15	10
3	<b>Cllr Loabile</b> Kgongwana G Masisi M Thebeyatshipi O Setlhabetsi K Sekhwati M Tsimane P Mpane M Motlogelwa P Motswana R Moithwe B	Yes	15	15	0

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4	<b>Cllr P Moeng</b> Mochware V Kgarane S Seicvhokelo G Mottakase J Pitso K Bareng L Monchusi M Mosikare M Mokgothu M	Yes	15	15	0
5	<b>Cllr Seeletso</b> Booi K Moswang L Bakebi E Bogodile T Lekoma M Gasemokwena G Sofuthe B Kebotlhale W Matsime G Mogole M	Yes	15	15	7
6	<b>Cllr Moreki</b> Thibo K Seokolo M Moseneke M Absalom S Smous C Babasi J Modisanyane M Maruping K Botlhoko T Babase S	Yes	15	15	10
7	<b>Cllr Selebogo</b> Motingwa M Thamane K Mgomotsi B Tties E Loeto L Modise B Tekolo B Pekwane T Goleletwang B Matlametlo G	Yes	15	15	11

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8	<b>Clir Mere</b> Aiseng L Mahatlhe K Setae M Mogodiseng M Moreetsi G Malose S Sebuseng O Mokatedi E Elesang J Olifant K	Yes	15	15	10
9	<b>Clir Gabe</b> Rukero D Kgosiya T Philander F Gabantshe M Bareki J Matshetshe B Tagote J Tshegang O Gaolaelwe K Gasebokwa A	Yes	15	15	1
10	<b>Clir Moroke</b> Molefi B Moroke B Kgome M Charles K Mothibedi K Moroke S Hailane S Sesimane F Diraditsile M Keitebetse E	Yes	15	15	0
11	<b>Clir Lekgari</b> Balebi K Shuping T Itumeleng T Sethabetsi G Gaarekwe P Sethapeloe K Marope T Mongala G	Yes	15	15	9



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12	<b>Cllr Ogaseng</b> Monnanyane M Shame I Mogapi S Orika M Mocumi C Maano Y Masiane E Motheke E Masiane K	Yes	15	15	7
13	<b>Cllr Lenner</b> Vanrooi O Bahumi B Shupelo G Monchusi K Lekhoe K Baeba D Obuseng F Thomson K Genda M Legalamitwa B	Yes	15	15	0
14	<b>Cllr Matsiso</b> Tootswane G Ntsei C Kegakilwe M Keraetswe R Selelo L Modise P Selebogo T Shibane P Kelositse G Tshabadira P	Yes	15	15	10
15	<b>Cllr Olatsewe</b> Makati L Mokgoro K Joot T Serame M Motshwaedi M Mosepoele W Pelaolo K Mokopeleng K Moeng K Dlamin C	Yes	15	15	7

# APPENDICES

## APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
2	Construct of 40 high mast lights in Garapipa (ward 2) Tlakgameng (Ward 13) and Goodwood (ward 14)	July 2018	June 2019	1 099 682.49
8	Construct sport facility at Vragas (Ward 8)	July 2018	June 2019	8 761 004.80
2	Construction of Ganyesa Dam Park	July 2018	June 2019	0
2	Construct Access road at Tseoge (Ward 11)	July 2018	June 2019	6 174 109.66
10	Construct 4 KM Bore-Huhudi Mawethu Access Road	July 2018	June 2019	902 346, 22

# APPENDICES

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
03-Nov-18	Management should plan and inform Internal Audit regarding future availability of information during the audit stages	Yes
29-Jan-15	Management should plan and inform Internal Audit regarding future availability of information during the audit stages	Yes
29-May-15	Management should fill the Technical service Director and Planning & Development posts  Management must submit the Departments POE's on time to the PMS unit	Yes

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## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contractors and Public Private Partnerships are included in the 2018/2019 Financial Statements.

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## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Service Provider Name (i)	(a) Service Indicators	(b) Service Targets (ii)	Target Year 0		Target Year 1			Target Year 2
			*Previous Year (iii)	Actual (iv)	*Previous Year (v)	*Current Year (vi)	Actual (vii)	*Current Year (viii)
LSOGA Construction	Number of High mast lights constructed at Garapipa, Tlakgameng and Goodwood	40 Construct high mast lights in Garapipa (ward 2) Tlakgameng (Ward 13) and Goodwood (ward 14) by 30 June 2019		60% Completed	N/A	N/A	N/A	N/A
SM Construction JV	Number of sport facilities constructed at Vragas (Ward 8)	1 constructed sport facilities at Vragas (Ward 8) by 30 June 2019		98% Practical Completed	N/A	N/A	N/A	N/A
NEP	Number of Upgraded Ganyesa Dam Park (Ward 4)	1 Upgraded Ganyesa Dam Park (Ward 4) 30 June 2019		0% Completed	N/A	N/A	N/A	N/A
Lebotebo JV	Number of access road constructed at Tseoge (Ward 11)	1 Access road constructed at Tseoge (Ward 11) by end June 2019		80% complete	N/A	N/A	N/A	N/A
Mmanyane Construction	Number of kilometres of access road constructed at Huhudi- Mawethu – Bore at Ganyesa (Ward 15& 5)	4 kilometre of access road constructed at Huhudi- Mawethu – Bore at Ganyesa (Ward 15& 5) by end June 2019		60% complete	N/A	N/A	N/A	N/A

# APPENDICES

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Declaration of Interest was circulated to all employees of the municipality and CIPRO search performed. No related party transaction occurred between the municipality and its Key Management.

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

Refer to the 2018/2019 audited Financial Statements

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Refer to the 2018/2019 audited Financial Statements

## APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

Refer to the 2018/2019 audited Financial Statements in

# APPENDICES

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Refer to the 2018/2019 audited Financial Statements

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Refer to the 2018/2019 audited Financial Statement.

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

N/A

## APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by Municipality are included in the 2018/2019 audited Financial Statements

# APPENDICES

## APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial outcomes of Local Government		
Outcome/output	Progress to date	Number or percentage achieved
Output: improving access to basic services	78% of the Household are provided with electricity  96% of household are provided with VIP toilets (Sanitation)	78 % electricity  96 % Sanitation
Output: implementation of Community Works Programme	Community Works Programme is implemented in all wards in the municipality with an employment of 260 jobs	100%
Output: Deepening Democracy through refined ward committee model	Municipality through Ward Committees consult with community. Planning and prioritisations are also communicated through ward Committees	100%
Output: administrative & financial capabilities	The administrative wing of the municipality is stable, as well as the financial muscles however it is not enough to provide more service to the community	90%



# VOLUME II

## VOLUME II: ANNUAL FINANCIAL STATEMENTS

Refer to the 2018/2019 audited Annual Financial Statements in page